STEPHENS COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2021

STEPHENS COUNTY BOARD OF EDUCATION

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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I. FINANCIAL SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the Stephens County Board of Education
Toccoa, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Stephens County Board of Education** (the "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 entity'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 entity'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.

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 Stephens County Board of Education as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia, Schedule of Contributions – Teachers Retirement System of Georgia, Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia, Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and Schedule of Contributions – School OPEB Fund, as 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 26, 2022

BASIC FINANCIAL STATEMENTS

STEPHENS COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 23,035,325
Investments	17,571
Receivables:	
Taxes	184,902
Intergovernmental:	
State	3,754,617
Federal	2,289,734
Inventory	37,091
Restricted Assets	
Investments with Fiscal Agent or Trustee	4,004,529
Capital assets (nondepreciable)	7,980,426
Capital assets (depreciable, net of accumulated depreciation)	82,061,932
Total assets	123,366,127
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	11,076,996
OPEB related items	7,386,341
Total deferred outflows of resources	18,463,337
LIABILITIES	
Accounts payable	2,908,750
Retainage payable	239,934
Salaries and benefits payable	4,931,005
Bonds payable due within one year	4,000,000
Net pension liability	39,033,931
Net OPEB liability	34,958,860
Total liabilities	86,072,480
DEFERRED INFLOWS OF RESOURCES	
Pension related items	889,104
OPEB related items	8,239,159
Total deferred inflows of resources	9,128,263
NET POSITION	
Net investment in capital assets	85,802,424
Restricted for:	
Federal programs	2,273,306
Capital projects	4,829,726
Debt service	4,004,529
Unrestricted (deficit)	(50,281,264)
Total net position	$ 46,628,721

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

STEPHENS COUNTY BOARD OF EDUCATION

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 31,249,191	$ 210,818	$ 21,773,139	$ 713,328	$ (8,551,906)
Support services:					
Pupil services	1,952,343	-	533,323	-	(1,419,020)
Improvement of instructional services	974,691	-	442,061	-	(532,630)
Educational media services	471,894	-	555,061	-	83,167
General administration	1,080,804	-	474,669	2,217	(603,918)
School administration	2,600,366	-	1,286,624	-	(1,313,742)
Business administration	450,994	-	118,049	3,764	(329,181)
Maintenance and operation of facilities	3,346,199	-	3,243,425	44,335	(58,439)
Student transportation services	2,195,360	-	901,588	539,135	(754,637)
Central support services	106,258	-	320	-	(105,938)
Other support services	831,213	-	434,762	-	(396,451)
Operations of non-instructional services:					
Community services operations	-	20,124	-	-	20,124
Food services operation	2,142,967	75,757	2,292,792	10,507	236,089
Enterprise operations	442,390	-	-	-	(442,390)
Interest on long-term debt	21,083	-	-	-	(21,083)
Total governmental activities	$ 47,865,753	$ 306,699	$ 32,055,813	$ 1,313,286	(14,189,955)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					10,175,686
Sales taxes					5,161,592
Other taxes					1,664,475
Grants and contributions not restricted to specific programs					2,541,413
Unrestricted investment earnings					168,992
Other miscellaneous general revenues					537,279
Gain on sale of capital assets					17,269
Total general revenues					20,266,706
Change in net position					6,076,751
Net position, beginning of year					40,551,970
Net position, end of year					$ 46,628,721

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

STEPHENS COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 17,102,457	$ 1,496,998	$ 4,435,870	$ 23,035,325
Investments	17,571	-	-	17,571
Receivables:				
Taxes	184,902	-	-	184,902
Intergovernmental:				
State	3,360,761	-	393,856	3,754,617
Federal	2,289,734	-	-	2,289,734
Inventory	37,091	-	-	37,091
Restricted Assets				
Investments with Fiscal Agent or Trustee	-	-	4,004,529	4,004,529
Total assets	$ 22,992,516	$ 1,496,998	$ 8,834,255	$ 33,323,769
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ 1,085,957	$ 1,822,793	$ -	$ 2,908,750
Retainage payable	-	239,934	-	239,934
Salaries and benefits payable	4,931,005	-	-	4,931,005
Total liabilities	6,016,962	2,062,727	-	8,079,689
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - intergovernmental	801,757	-	-	801,757
Unavailable revenue - property taxes	6,576	-	-	6,576
Total deferred inflows of resources	808,333	-	-	808,333
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventory	37,091	-	-	37,091
Restricted for:				
Federal programs	1,434,458	-	-	1,434,458
Capital projects	-	-	4,829,726	4,829,726
Debt service	-	-	4,004,529	4,004,529
Committed for:				
School Activities	570,886	-	-	570,886
Unassigned (deficit)	14,124,786	(565,729)	-	13,559,057
Total fund balances (deficits)	16,167,221	(565,729)	8,834,255	24,435,747
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 22,992,516	$ 1,496,998	$ 8,834,255	$ 33,323,769

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

STEPHENS COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - governmental funds			$ 24,435,747
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Cost	$	126,150,443	
Less accumulated depreciation		(36,108,085)	90,042,358
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Property taxes			6,576
Intergovernmental			801,757
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Net pension liability	$	(39,033,931)	
Pension related deferred outflows of resources		11,076,996	
Pension related deferred inflows of resources		(889,104)	(28,846,039)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Net OPEB liability	$	(34,958,860)	
OPEB related deferred outflows of resources		7,386,341	
OPEB related deferred inflows of resources		(8,239,159)	(35,811,678)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable			(4,000,000)
Net position of governmental activities			$ 46,628,721

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

STEPHENS COUNTY BOARD OF EDUCATION

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

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 10,175,686	$ -	$ -	$ 10,175,686
Sales taxes	-	-	4,712,931	4,712,931
Other taxes	1,664,475	-	-	1,664,475
State funds	28,144,170	-	-	28,144,170
Federal funds	7,225,164	-	-	7,225,164
Investment income	1,385	-	167,607	168,992
Charges for services	721,206	-	-	721,206
Miscellaneous	476,821	-	81,541	558,362
Total revenues	48,408,907	-	4,962,079	53,370,986
EXPENDITURES				
Current:				
Instruction	28,134,513	239,442	-	28,373,955
Support services:				
Pupil services	1,848,589	23,255	-	1,871,844
Improvement of instructional services	931,278	-	-	931,278
Educational media services	446,998	-	-	446,998
General administration	1,031,106	-	-	1,031,106
School administration	2,450,085	-	-	2,450,085
Business administration	423,637	-	-	423,637
Maintenance and operation of facilities	5,337,551	3,292,238	-	8,629,789
Student transportation services	2,062,041	655,174	-	2,717,215
Central support services	105,444	-	-	105,444
Other support services	830,783	-	-	830,783
Food services operation	2,084,923	-	-	2,084,923
Enterprise operations	442,390	-	-	442,390
Debt service:				
Principal retirement	-	-	1,690,000	1,690,000
Interest and fees	-	-	42,166	42,166
Total expenditures	46,129,338	4,210,109	1,732,166	52,071,613
Excess (deficiency) of revenues over expenditures	2,279,569	(4,210,109)	3,229,913	1,299,373
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,219,017	-	3,219,017
Transfers out	(1,179,820)	-	(2,039,197)	(3,219,017)
Proceeds from sale of capital assets	17,269	-	-	17,269
Total other financing sources (uses)	(1,162,551)	3,219,017	(2,039,197)	17,269
Net change in fund balances	1,117,018	(991,092)	1,190,716	1,316,642
FUND BALANCES, beginning of year	15,050,203	425,363	7,643,539	23,119,105
FUND BALANCES (DEFICITS), end of year	$ 16,167,221	$ (565,729)	$ 8,834,255	$ 24,435,747

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

STEPHENS COUNTY BOARD OF EDUCATION

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

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds			$ 1,316,642
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is as follows:			
Capital outlay	$ 6,303,200		
Depreciation expense	(1,614,865)		4,688,335
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
Sales taxes	$ (353,096)		
Intergovernmental	801,757		
Interest subsidy	(21,083)		427,578
In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.			(1,577,233)
In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.			(489,654)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal payments - bonds			1,690,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued interest			21,083
Change in net position of governmental activities			$ 6,076,751

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Stephens County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The 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.

The Stephens County School Building Authority (the "Authority") was created by House Bill 837 during the 2005 session of the Georgia General Assembly. The purpose of the Authority is to provide, acquire, construct, equip, maintain, and operate public service facilities, to acquire the necessary property therefore, both real and personal, and to lease or sell any or all of such facilities, including real and personal property for the benefit of the Stephens County School District. The Authority consists of five members appointed by the governing authority of the Stephens County School District.

The Authority is a component unit of the School District and, as such, the Authority's financial activity has been blended with the School District's basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the Stephens County Board of Education.

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 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- 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.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes and unrestricted amounts.

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:

- General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.

- Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and grants from Georgia State Financing and Investment Commission that restricted, committed, or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including Education Special Purpose Local Option Sales Tax (ESPLOST) legally restricted for capital projects and the payment of general long-term principal and interest.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The School District-wide governmental activities 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end.

Property taxes, sales taxes, intergovernmental revenue, 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 and claims and judgments, 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 financed purchases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula-driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, Georgia Fund 1 and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws OCGA 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks and insured federal savings and loan associations.

Investments

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

(1) Obligations issued by the State of Georgia or by other states,
(2) Obligations issued by the United States Government,
(3) Obligations fully insured or guaranteed by the United States Government or a United States Government agency,
(4) Obligations of any corporation of the United States Government,
(5) Prime banker's acceptances,
(6) The Local Government Investment Pool administered by the State Treasurer of the State of Georgia,
(7) Repurchase agreements, and
(8) Obligations of other political subdivisions of the State of Georgia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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

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 are reported net of an allowance for uncollectible receivables when necessary.

Property Taxes

The Stephens County Tax Commissioner levied the property tax for the 2020 tax digest year (calendar year) on September 11, 2020 (levy date). Taxes were due on November 15, 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 Stephens 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 $10,175,686.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Stephens County Board of Education is in compliance with this law. Tax millage rates levied for the 2020 tax year (calendar year) for the Stephens County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Maintenance and Operations	16.67 mills

Sales Taxes

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $4,712,931 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 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the School District-wide financial statements, all purchased capital assets are valued 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 estimated acquisition value on the date donated. Disposals are deleted at depreciated recorded cost. 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. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Buildings and improvements	10,000	10 to 80 years
Equipment	10,000	5 to 30 years

Compensated Absences

Vacation leave must be used in the fiscal year in which it is earned. Accordingly, there is no liability for vacation leave at year end.

Sick and personal leave do not vest with the employee, and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has six (6) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred outflow of resources for the School District's actual contributions to the pension plan during the fiscal year ended June 30, 2021 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2022; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions for the pension and OPEB plans which will be amortized over the remaining service period; (4) a deferred outflow of resources for the School District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2021 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2022; (5) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (6) a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension and OPEB assets, which will be amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District has three (3) items that qualify for reporting in this category which occur only in the governmental activities. Governmental Activities report (1) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary for the OPEB plan, which will be amortized over the remaining service period; (2) a deferred inflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (3) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities and Bond Discounts/Premiums

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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 fiduciary net position of the Public School Employees Retirement System of Georgia (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (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 Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the 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 Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment through adoption of a subsequent resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School Disctrict adopts an annual budget for the General Fund, Debt Service Fund, and Capital Project Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation, as well as the School District's website. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The following functions had excesses of actual expenditures over appropriations in the amounts shown for the fiscal year ended June 30, 2021:

General Fund:		
Support services:		
Educational media services	$	23,993
General administration		104,168
School administration		137,459
Central support services		96,274
Enterprise operations		430,363
	$	792,257

The over-expended functions were funded with excess budget in under expended functions or greater than anticipated revenues.

NOTE 4: DEPOSITS AND INVESTMENTS

Categorization of Investments

The investment in the local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Investment	Maturity	Fair Value
Georgia Fund 1	WAM - 36 days	$ 17,117,060

Interest Rate Risk

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2021, a financial institution holding some of the School District's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2021, the School District's cash accounts were insured and/or collateralized as defined by GASB Standards.

NOTE 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2021, the commodities usage is recorded at its federally assigned value of $184,800.

NOTE 6: CAPITAL ASSETS

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

	Balances June 30, 2020	Increases	Decreases/ Transfers	Balances June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,662,382	$ -	$ -	$ 2,662,382
Construction in Progress	7,405,164	5,318,045	(7,405,165)	5,318,044
Total	10,067,546	5,318,045	(7,405,165)	7,980,426
Capital assets, being depreciated:				
Building improvements	99,899,851	-	7,405,165	107,305,016
Equipment	7,268,332	985,155	(604,630)	7,648,857
Land improvements	3,216,144	-	-	3,216,144
Total	110,384,327	985,155	6,800,535	118,170,017
Less accumulated depreciation for:				
Building improvements	(26,593,224)	(1,313,341)	-	(27,906,565)
Equipment	(5,356,108)	(293,849)	604,630	(5,045,327)
Land improvements	(3,148,518)	(7,675)	-	(3,156,193)
Total	(35,097,850)	(1,614,865)	604,630	(36,108,085)
Total capital assets, being depreciated, net	75,286,477	(629,710)	7,405,165	82,061,932
Governmental activities capital assets, net	$ 85,354,023	$ 4,688,335	$ -	$ 90,042,358

Depreciation expense was charged to functions as follows:

Instruction	$ 1,354,006
Support services:	
General administration	4,208
Business administration	7,145
Maintenance and operation of plant	84,155
Student transportation services	145,408
Operations of non-instructional services	
Food services	19,943
	$ 1,614,865

NOTE 7: INTERFUND TRANSFERS

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

	Transfers To
Transfers From	Capital Projects Fund
Debt Service Fund	$ 2,039,197
General Fund	1,179,820
Total	$ 3,219,017

Transfers are primarily used to move ESPLOST tax revenues collected by the Debt Service Fund to the Capital Projects Fund to fund capital projects as approved in the referendum. During the fiscal year ended June 30, 2021, the School District transferred $1,179,820 from the General Fund to the Capital Projects Fund for future capital facilities and related improvements.

NOTE 8: RISK MANAGEMENT

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

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

NOTE 8: RISK MANAGEMENT (Continued)

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

Position Covered	Amount
Superintendent	$100,000

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of the fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. 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. The School District had no claims in the last two fiscal years.

NOTE 9: LONG – TERM DEBT

The changes in long-term obligations during the fiscal year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Qualified School Contruction Bonds	$ 1,690,000	$ -	$ (1,690,000)	$ -	$ -
Qualified Zone Academy Bonds	4,000,000	-	-	4,000,000	4,000,000
Total bonds payable	5,690,000	-	(1,690,000)	4,000,000	4,000,000
Net pension liability	35,345,930	8,361,728	(4,673,727)	39,033,931	-
Net OPEB Liability	30,495,545	7,287,178	(2,823,863)	34,958,860	-
Governmental activity Long-term liabilities	$ 71,531,475	$ 15,648,906	$ (9,187,590)	$ 77,992,791	$ 4,000,000

For governmental activities, the net pension and OPEB liabilities are being liquidated primarily by the General Fund.

NOTE 9: LONG – TERM DEBT (Continued)

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest (payments discussed in the previous paragraph), a school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy, a school district is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District during the fiscal year ended June 30, 2021 was $42,166, which funded all of the interest expense due on the QSCB.

During the fiscal year ended June 30, 2021, the School District repaid the entirety of the $1,690,000 owed on the QSCB bonds.

Qualified Zone Academy Bonds (QZAB)
Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the establishment of special academic programs, in partnership with the business community. The School District, in agreement with Stephens County Building Authority has entered into such an arrangement for the Series 2005 QZAB Bonds.

This agreement establishes a method of repayment for qualified interest-free debt instrument. The amount on deposit at June 30, 2021 was $4,004,529.

At June 30, 2021, payments due by fiscal year, which includes principal and interest, is follows:

Fiscal Year Ended June 30	Qualified Zone Academy Bonds	
	Principal	Interest
2022	$ 4,000,000	$ -

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $126,671 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Teachers Retirement District for Teachers Retirement (TRS) - $29,696

State Treasurer of the State of Georgia
Paid to the Public School Employees Retirement System
for Public School Employees Retirement (PSERS) Employer's Cost - $96,975

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

NOTE 12: RETIREMENT PLANS

General Information about the Teachers Retirement System of Georgia (TRS)

Plan description: All teachers of the School District as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §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. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

NOTE 12: RETIREMENT PLANS (Continued)

General Information about the Teachers Retirement System of Georgia (TRS) (Continued)

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual school district payroll, excluding payroll attributable to those personnel funded on behalf of the School District by the State. School District contributions to TRS, excluding contributions funded by the State on behalf of the School District were $4,026,116 for the year ended June 30, 2021.

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 for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the School District by the State of Georgia. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	$	39,033,931
State of Georgia's proportionate share of the net pension liability associated with the School District		284,389
Total	$	39,318,320

The 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 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 proportion was 0.161138%, which was a decrease of 0.003241% from its proportion measured as of June 30, 2019.

NOTE 12: RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2021, the School District recognized pension expense of $5,621,125 and expense of $74,061 for support provided to the State of Georgia for certain support personnel. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 940,139	$ -
Differences between expected and actual experience	1,699,940	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	390,261	889,104
Actuarial assumption changes	4,020,540	-
School District contributions subsequent to the measurement date	4,026,116	-
Total	$ 11,076,996	$ 889,104

School District contributions subsequent to the measurement date of $4,026,116 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending 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 ending June 30:	
2022	$ 1,286,669
2023	2,062,984
2024	2,005,314
2025	806,809
Total	$ 6,161,776

NOTE 12: RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources And Deferred Inflows Of Resources Related To Pensions (Continued)

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

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

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 through June 30, 2018, with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

NOTE 12: RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources And Deferred Inflows Of Resources Related To Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and 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%	(0.10)%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

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

NOTE 12: RETIREMENT PLANS (Continued)

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

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

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	$ 61,898,496	$ 39,033,931	$ 20,291,543

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

General Information About The 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.

NOTE 12: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

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.

Pension Liabilities and Pension Expense

At June 30, 2021, the School District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the School District	$ 528,371

NOTE 12: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

The 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 $106,326 and revenue of $106,326 for support provided by the State of Georgia.

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

Inflation	2.50%
Salary increase	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.

NOTE 12: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

The long-term expected rate of return on 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	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.10)%
Domestic large stocks	46.20	8.90
Domestic small stocks	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate: The discount rate used to measure the collective total 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 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12: RETIREMENT PLANS (Continued)

Defined Contribution Plan

In September 1998, the School District began an employer-paid 403(b) annuity plan for the group of employees covered under the Public School Employees' Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Lincoln Financial Group as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to the amount contributed by the employee, not to exceed $25.00 per employee, per month.

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

Funds accumulated in the employer-paid accounts are only available to the employee upon termination of employment and five years of service to the School District. If an employee terminates employment prior to achieving five years of service, they receive 20% of employer contributions for each year of completed service (20% for year one, 40% for year two, 60% for year three, and 80% for year four). The remaining funds paid on behalf of the non-vested employee are credited back to the School District.

Employer contributions for the fiscal year ended June 30, 2021 were $13,000.

NOTE 13: POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description. The School District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified 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 postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH 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 DCH Board. The School OPEB Fund is included in the State of Georgia Annual Comprehensive Financial Report which is publicly available and can be obtained at https://sao.georgia.gov/statewide-reporting/acfr.

NOTE 13: POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund (Continued)

Benefits: 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 of Community Health, 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 required and made to the School OPEB Fund from the School District were $862,128 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 $34,958,860 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 to the School OPEB Fund during the fiscal year ended June 30, 2020. At June 30 2020, the School District's proportion was 0.238015%, which was a decrease of 0.010479% from its proportion measured as of June 30, 2019.

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2021, the School District recognized OPEB expense of $1,351,782. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 3,816,422
Net difference between projected and actual earnings on OPEB plan investments	91,116	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	651,678	1,312,150
Changes in plan assumptions	5,781,419	3,110,587
School District contributions subsequent to the measurement date	862,128	-
Total	$ 7,386,341	$ 8,239,159

School District contributions subsequent to the measurement date of $862,128 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2022	$ (731,692)
2023	(734,137)
2024	(586,988)
2025	(120,170)
2026	322,199
2027	135,842
Total	$ (1,714,946)

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	TRS - 3.00-8.75%, including inflation PSERS – N/A
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	7.00%
Medicare eligible	5.25%
Ultimate trend rate	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year of ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

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

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

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

- 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) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for both males and females) 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 mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension 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 School District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	.5%
Equities	70.00%	9.2%
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 municipal bonds with an average rating of AA or higher (2.21% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 2.22% was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

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 a discount rate that is 1-percentage-point lower (1.22%) or 1-percentage-point higher (3.22%) than the current rate:

	1% Decrease (1.22%)	Current discount rate (2.22%)	1% Increase (3.22%)
School District's proportionate share of the net OPEB liability	$ 41,070,894	$ 34,958,860	$ 30,070,941

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease	Current healthcare cost trend rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 29,106,765	$ 34,958,860	$ 42,535,624

NOTE 14: CONSTRUCTION COMMITMENTS

The School District has outstanding construction commitments of $1,013,696 as of June 30, 2021. This amount is not reflected in the basic financial statements.

NOTE 15: FUND DEFICITS

For the year ended June 30, 2021, the Capital Projects Fund had a deficit fund balance of $565,729, which will be reduced by future SPLOST collections transferred from the Debt Service Fund.

NOTE 16: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2021, Stephens County abated property taxes due to the School District that were levied on the 2019 digest totaling $424,129. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

Tax Abatement Project	Percentage Abated	Amount of Taxes Abated
Nifco KTW Series 2016	100.00%	$ 213,785
Nifco KTW Series 2018	100.00%	72,467
ASI (GemPlastics) Series 2015	80.00%	54,500
ASI (GemPlastics) Series 2015	100.00%	83,377
		$ 424,129

These abatements resulted in a loss of revenue to the School District that would not have been sustained had the abatements not been granted.

II. REQUIRED SUPPLEMENTARY INFORMATION

STEPHENS COUNTY BOARD OF EDUCATION

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 10,316,511	$ 11,420,202	$ 11,840,161	$ 419,959
State funds	23,795,839	26,705,040	28,144,170	1,439,130
Federal funds	1,760,000	3,391,613	7,225,164	3,833,551
Charges for services	187,000	187,000	721,206	534,206
Investment income	400	5,828	1,385	(4,443)
Miscellaneous	100,000	182,460	476,821	294,361
Total revenues	36,159,750	41,892,143	48,408,907	6,516,764
EXPENDITURES				
Current:				
Instruction	27,326,953	29,489,935	28,134,513	1,355,422
Support services:				
Pupil services	1,952,288	1,866,712	1,848,589	18,123
Improvement of instructional services	884,955	1,042,713	931,278	111,435
Educational media services	432,081	423,005	446,998	(23,993)
General administration	1,912,811	926,938	1,031,106	(104,168)
School administration	1,117,933	2,312,626	2,450,085	(137,459)
Business administration	602,352	614,566	423,637	190,929
Maintenance and operation of plant	2,828,383	5,445,633	5,337,551	108,082
Student transportation services	1,941,901	2,207,700	2,062,041	145,659
Central support services	9,170	9,170	105,444	(96,274)
Other support services	425,679	897,216	830,783	66,433
Food services operation	2,304,338	2,347,375	2,084,923	262,452
Enterprise operations	10,980	12,027	442,390	(430,363)
Total expenditures	41,749,824	47,595,616	46,129,338	1,466,278
Excess (deficiency) of revenues over expenditures	(5,590,074)	(5,703,473)	2,279,569	7,983,042
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,179,820)	(1,179,820)
Proceeds from sale of capital assets	-	-	17,269	17,269
Total other financing sources (uses)	-	-	(1,162,551)	(1,162,551)
Net change in fund balances	(5,590,074)	(5,703,473)	1,117,018	6,820,491
FUND BALANCES, beginning of year	15,050,203	15,050,203	15,050,203	
FUND BALANCES, end of year	$ 9,460,129	$ 9,346,730	$ 16,167,221	$ 6,820,491

STEPHENS COUNTY BOARD OF EDUCATION

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

	2021	2020	2019	2018
School District's proportion of the net pension liability	0.161138%	0.164379%	0.166768%	0.164187%
School District's proportionate share of the net pension liability	$ 39,033,931	$ 35,345,930	$ 30,955,713	$ 30,514,660
State of Georgia's proportionate share of the net pension liability associated with the School District	284,389	261,258	237,967	324,128
Total	$ 39,318,320	$ 35,607,188	$ 31,193,680	$ 30,838,788
School District's covered payroll	$ 20,691,074	$ 20,066,598	$ 19,868,251	$ 18,870,995
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.65%	176.14%	155.80%	161.70%
Plan fiduciary net position as a percentage of the total pension liability	77.01%	78.56%	80.27%	79.33%

	2017	2016	2015
School District's proportion of the net pension liability	0.158758%	0.183530%	0.214807%
School District's proportionate share of the net pension liability	$ 32,753,546	$ 27,940,620	$ 27,138,031
State of Georgia's proportionate share of the net pension liability associated with the School District	6,808	59,374	54,325
Total	$ 32,760,354	$ 27,999,994	$ 27,192,356
School District's covered payroll	$ 17,482,782	$ 19,473,742	$ 21,965,659
School District's proportionate share of the net pension liability as a percentage of its covered payroll	187.35%	143.48%	123.55%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

STEPHENS COUNTY BOARD OF EDUCATION

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

	2021	2020	2019	2018
Contractually required contributions	$ 4,026,116	$ 4,374,093	$ 4,193,919	$ 3,339,853
Contributions in relation to the contractually required contributions	4,026,116	4,374,093	4,193,919	3,339,853
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 21,123,379	$ 20,691,074	$ 20,066,598	$ 19,868,251
Contributions as a percentage of covered payroll	19.06%	21.14%	20.90%	16.81%

	2017	2016	2015
Contractually required contributions	$ 2,692,891	$ 2,494,793	$ 2,555,821
Contributions in relation to the contractually required contributions	2,692,891	2,494,793	2,555,821
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered payroll	$ 18,870,995	$ 17,482,782	$ 19,473,742
Contributions as a percentage of covered payroll	14.27%	14.27%	13.15%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

STEPHENS COUNTY BOARD OF EDUCATION

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

	2021	2020	2019	2018
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	528,371	544,007	506,366	469,694
Total	$ 528,371	$ 544,007	$ 506,366	$ 469,694
School District's covered- employee payroll	$ 1,258,099	$ 1,266,675	$ 1,316,741	$ 1,359,360
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	84.45%	85.02%	85.26%	85.69%

	2017	2016	2015
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	627,200	471,603	482,248
Total	$ 627,200	$ 471,603	$ 482,248
School District's covered- employee payroll	$ 1,270,550	$ 1,614,029	$ 1,895,864
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

STEPHENS COUNTY BOARD OF EDUCATION

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

	2021	2020	2019	2018
School District's proportion of the net OPEB liability	0.238015%	0.248494%	0.247643%	0.244031%
School District's proportionate share of the net OPEB liability	$ 34,958,860	$ 30,495,545	$ 31,474,665	$ 34,286,257
Total	$ 34,958,860	$ 30,495,545	$ 31,474,665	$ 34,286,257
School District's covered- employee payroll	$ 20,076,561	$ 19,622,871	$ 19,180,943	$ 18,362,028
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	174.13%	155.41%	164.09%	186.72%
Plan fiduciary net position as a percentage of the total OPEB liability	3.99%	4.63%	2.93%	1.61%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

STEPHENS COUNTY BOARD OF EDUCATION

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

	2021	2020	2019	2018	2017
Contractually required contributions	$ 862,128	$ 804,912	$ 1,338,316	$ 1,283,508	$ 1,272,395
Contributions in relation to the contractually required contributions	862,128	804,912	1,338,316	1,283,508	1,272,395
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 20,696,117	$ 20,076,561	$ 19,622,871	$ 19,180,943	$ 18,362,028
Contributions as a percentage of covered-employee payroll	4.166%	4.009%	6.820%	6.692%	6.929%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

STEPHENS COUNTY BOARD OF EDUCATION

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

Teachers Retirement System of Georgia:

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).

Effective with the June 30, 2018 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.5% to 7.25%, and the assumed annual rate of inflation was changed from 2.75% to 2.50%.

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

Public Schools Employees Retirement System of Georgia:

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).

School OPEB Fund:

Changes of benefit terms: In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions: In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

The inflation assumption was lowered from 2.75% to 2.50% effective with the June 30, 2018 actuarial valuation.

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

III. OTHER SUPPLEMENTARY INFORMATION

STEPHENS COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project	Original Estimated Cost (1)	Current Estimated Cost (2)	Expended In Current Year (3) (4)	Expended In Prior Years (3) (4)	Total Completion Cost	Project Status
SPLOST Issue 2013:						
Retiring outstanding general obligation debt of the School District previously incurred and issued with respect to capital outlay projects in the amount not to exceed $15,457,805 comprised of the principal and interest on the School District's Series 2008 and 2009 Bonds and the payments coming due on the 2010 Qualified School Construction Bonds.	$ 15,457,805	$ 17,776,296	$ -	$ 17,776,296	$ 17,776,296	Completed
Rehabilitating, repairing, renovating, extending and improving existing schools and related facilities useful or desirable in connection therewith, including without limitation, additional classrooms, roof replacements and repairs, mechanical system repairs and replacements, wiring and infrastructure modification, renovations and improvements to physical education and athletic facilities.	2,507,195	1,929,170	-	1,929,170	1,929,170	Completed
Acquiring, installing, and improving system-wide instructional and administrative technology, including but not limited to information systems hardware, associated software and accessories and infrastructure at all District facilities related to these technological acquisitions and improvements.	300,000	709,737	-	709,737	709,737	Completed
Acquiring system-wide equipment and furnishings, including but not limited to safety and security equipment, food service, vocational, fine arts, physical education and athletic equipment.	200,000	329,437	-	329,437	329,437	Completed
Acquisition of school buses, vehicles, and transportation equipment.	35,000	169,954	-	169,954	169,954	Completed
Total SPLOST Issue 2013	18,500,000	20,914,594	-	20,914,594	20,914,594	
SPLOST Issue 2018:						
CTAE (Agriculture and Technical Education) program facility renovations and upgrades; HVAC renovations and upgrades; flooring, roofing, lighting, and paving renovations and upgrades; purchasing technology equipment and infrastructure; athletic and band equipment, fields, and stadium renovations and upgrades; and purchasing buses, maintenance equipment, and safety and security equipment (includes ballistic glass).	9,000,000	$ 12,267,834	$ 4,210,109	$ 7,544,494	$ 11,754,603	Ongoing
Paying previously incurred general obligation and/or revenue bond debt comprised of all or a portion of the principal of and interest on the Stephens County Building Authority Revenue Bonds (Facilities Improvement Project), Series 2016 coming due in the years 2019-2023; and/or paying expenses incident to accomplishing the foregoing.	4,500,000	5,732,166	1,732,166	-	1,732,166	Ongoing
Total SPLOST Issue 2018	13,500,000	18,000,000	5,942,275	7,544,494	13,486,769	
Total	$ 32,000,000	$ 38,914,594	$ 5,942,275	$ 28,459,088	$ 34,401,363	

(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 project(s). Includes all cost from project inception to completion.

(3) The voters of Stephens 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.

IV. SINGLE AUDIT SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

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*

To the Superintendent and Members of
the Stephens County Board of Education
Toccoa, Georgia

We have audited, 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, the financial statements of the governmental activities and each major fund of Stephens County Board of Education (the "School District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The School District's Responses to the Findings

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 26, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Superintendent and Members of
the Stephens County Board of Education
Toccoa, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Stephens County Board of Education's (the "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 the School District's 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.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 26, 2022

STEPHENS COUNTY BOARD OF EDUCATION

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Total Expenditures
U. S. Department of Agriculture:			
Passed through Georgia Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program - Cash Assistance	10.553	215GA324N1199	$ 641,837
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	215GA324N1199	184,800
Cash Assistance	10.555	215GA324N1199	1,332,944
Total Child Nutrition Cluster			2,159,581
Total U. S. Department of Agriculture			2,159,581
U.S. Department of Education:			
Passed through Georgia Department of Education:			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A200073	733,001
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A200081	21,548
Total Special Education Cluster			754,549
Vocational Grants - Program Improvement	84.048	V048A200010	41,504
Vocational Grants - Perkins V Plus	84.048	V048A200010	11,890
Total Vocational Grants			53,394
Rural Education Achievement Program	84.358A	S358B200010	87,926
Supporting Effective Instruction State Grants	84.367	S367A200001	164,569
Student Support and Academic Enrichment	84.424	S424A200011	90,331
Title I Grants to Local Educational Agencies	84.010	S010A200010-20A	1,276,521
Elementary & Secondary School Emergency Relief Fund:			
COVID-19: CARES Act Elementary & Secondary School Emergency Relief Grant	84.425D	S425D210012	975,501
COVID-19: ESSER - CARES - AG Extended Day	84.425D	S425D210012	521
COVID-19: ESSER - CARES - AG Extended Year	84.425D	S425D210012	443
COVID-19: ESSER - CARES - AG Young Farmer	84.425D	S425D210012	8,509
COVID-19: ESSER - CARES - Connectivity	84.425D	S425D210012	3,023
COVID-19: ESSER - CARES - CTAE Extended Day	84.425D	S425D210012	1,389
COVID-19: ESSER - CARES - CTAE Supervision	84.425D	S425D210012	1,430
COVID-19: ESSER - CARES - CTAE Youth Apprentice	84.425D	S425D210012	1,814
COVID-19: ESSER II - CRRSA Act - LEA	84.425D	S425D210012	1,952,026
COVID-19: ESSER III - ARP - LEA Bonuses	84.425U	S425U210012	512,282
			3,456,938
Total U. S. Department of Education			5,884,228
U. S. Department of Defense:			
R.O.T.C. Program	12.112	N/A	64,910
Total U. S. Department of Defense			64,910
Total Expenditures of Federal Awards			$ 8,108,719

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Stephens County Board of Education and is presented on the modified accrual basis of accounting.

The School District did not utilize the 10% de minimis indirect cost rate.

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.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

STEPHENS COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	X yes ____ no
Significant deficiencies identified?	____ yes X none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal Control over major federal programs: Material weaknesses identified?	____ yes X no
Significant deficiencies identified?	____ yes X none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes X no

Identification of major federal program:

Name of Federal Program or Cluster	Assistance Listing Number
COVID-19: Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D & 84.425U

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

Finding 2021-001 – Financial Close and Reporting

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are reported in accordance with generally accepted accounting principles (GAAP) and have been reconciled to subsidiary ledgers and underlying accounting records.

***Condition*:** Due to ineffective controls surrounding the fiscal year-end financial close procedures, multiple audit adjustments were required in order to accurately state balances and activity as of June 30, 2021.

Context/Cause: During our audit procedures, we noted multiple misstatements that required audit adjustments, as follows:

- The School District's fund balances did not agree to the financial statements as of and for the year ended June 30, 2020. Audit entries totaling approximately $785,000 for the General Fund and $952,000 for the Capital Projects Fund were required to adjust fund balances to match the prior year's financial statements. These entries also impacted the School District's taxes receivable, intergovernmental receivables, and unavailable revenues.
- Expenditures related to prepaid balances at June 30, 2020 were not recognized during the current fiscal year, resulting in an audit adjustment totaling approximately $209,000.
- The School District's debt service payment of $1,690,000 on the Qualified School Construction Bonds was improperly recorded to a revenue account and required a reclassification. Additional adjustments of approximately $151,000 were required to accurately state cash balances, expenditures, and related revenues associated with the debt service payments.
- The School District's unavailable revenue and accounts receivable balances related to sales taxes from the prior year were not reversed for current year sales tax collections, resulting in an audit adjustment totaling approximately $712,000.
- Certain federal receivables and revenues did not agree to the support provided to us for our audit, resulting in audit adjustments of approximately $313,000 to accurately state balances as of June 30, 2021. Additionally, certain state revenues and receivables were determined to be misstated, resulting in audit adjustments of approximately $240,000.

Effect: Multiple audit adjustments were required, as detailed above, to accurately state balances and activity for the fiscal year ended June 30, 2021.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Finding 2021-001 – Financial Close and Reporting (Continued)

Recommendation: We recommend the School District's Finance Department implement and/or strengthen internal controls surrounding the fiscal year-end financial close out procedures. We also recommend management reconcile account balances monthly to subsidiary ledgers and account statements, record prior year audit entries and reverse them in the subsequent period as necessary, and review all transactions near year end and subsequent to year end, so as to ensure proper and timely recording of transactions.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and will implement stronger internal controls and processes surrounding the annual year-end close in the upcoming fiscal year.

Finding 2021-002 – Accounts and Retainage Payable

Criteria: Internal controls should be in place to ensure that expenditures are recognized in the period incurred, and that payments made subsequent to year-end but relating to the previous fiscal year are recorded as accounts payable. Additionally, internal controls surrounding the recording of payment applications related to construction projects should be adequately designed to ensure that any retainage withheld is recorded as a liability.

***Condition*:** Internal controls were not effective in preventing, detecting, and correcting misstatements related to the School District's accounts payable and retainage payable balances at June 30, 2021.

Context/Cause: During our audit procedures, we noted several instances where the School District's internal controls had failed to ensure that the accounts payable and retainage payable balances captured certain liabilities that had been incurred prior to year-end, as follows:

- Retainage payable of approximately $475,000 was required to be recorded through audit adjustments, as these amounts had been excluded from liability balances.
- Other expenditures and accounts payable totaling approximately $326,000 were required to be recognized through an audit adjustment, as the associated services had been provided during the fiscal year ended June 30, 2021 but not recorded until fiscal year 2022, when the amounts were paid.

Effect: Multiple audit adjustments were required, as detailed above, to accurately state accounts payable and retainage payable balances as of June 30, 2021.

Recommendation: We recommend the School District's Finance Department include in its fiscal year closing procedures a comprehensive review of outstanding construction projects to determine whether all amounts, including any withheld retainage, have been recorded in the general ledger. Additionally, any payment applications or invoices received subsequent to year-end should be thoroughly evaluated to determine whether the services were provided in the previous fiscal year and, if so, that the necessary accrual entries are made.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and will implement stronger internal controls and processes surrounding the identification of year-end accruals and retainage payable on construction projects.

STEPHENS COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

STEPHENS COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None Reported.

Stephens County School System
Schools Committed to Student Success

Administrative Offices
191 Big A School Road, Toccoa, GA 30577
(706) 886-9415

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021-001 Financial Close and Reporting

Name of the Contact Person Responsible for the Corrective Action Plan: Lauren Anderson, Chief Financial Officer

Corrective Action Plan: This internal control deficiency for fiscal year-end financial close procedures was identified during the audit for fiscal year ended June 30, 2021. Due to personnel turnover, proper year end procedures were not in place. Stephens County Board of Education has hired a new Chief Financial Officer as well as a Staff Accountant to build proper processes and procedures. The new staff members will utilize the Year End Checklist provided by the Department of Education in order to ensure proper entries are made at fiscal year end. The Chief Financial Officer and the Staff Accountant will also reconcile account balances monthly, reverse prior year audit entries, and review all transactions at year end to ensure proper and timely recording of transactions.

Completion Date: October 31, 2022

Stephens County School System
Schools Committed to Student Success

Administrative Offices
191 Big A School Road, Toccoa, GA 30577
(706) 886-9415

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021-002 Accounts and Retainage Payable

Name of the Contact Person Responsible for the Corrective Action Plan: Lauren Anderson, Chief Financial Officer

Corrective Action Plan: This internal control deficiency for accounts payable and retainage payable was identified during the audit for fiscal year ended June 30, 2021. Due to personnel turnover, proper year end procedures were not in place. Stephens County Board of Education has hired a new Chief Financial Officer as well as a Staff Accountant to build proper processes and procedures. The new staff members will utilize the Year End Checklist provided by the Department of Education in order to ensure proper entries are made at fiscal year end. The Chief Financial Officer will work with the Assistant Superintendent to prepare a comprehensive listing of projects for the school system in order to properly identify expenditures and retainage for projects based on the time in which they were incurred.

Completion Date: October 31, 2022