

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2022

Telfair County Board of Education

McRae-Helena, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor

DOAA
Georgia Department
of Audits & Accounts

Telfair County Board of Education

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Section I

Financial

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Lenard Harrelson, Superintendent and Members of the
Telfair County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Telfair County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 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.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

January 24, 2024

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

INTRODUCTION

The discussion and analysis of the Telfair County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2022 and June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2022 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded the liabilities and deferred inflow of resources by $4.8 million for the fiscal year ended June 30, 2022.

- The School District had $22.9 million in expenses relating to governmental activities for the fiscal year ended June 30, 2022. Only $19.0 million of the above-mentioned expenses for 2022 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $8.2 million for 2022 along with fund balance were adequate to provide for these programs.

- General revenues accounts for $8.2 million in revenue or 30.12% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $19.0 million or 69.88% of total revenues of $27.1 million.

- Long-term debt decreased by $876 thousand for 2022. This decrease for 2022 was due primarily to principal payments on existing debt offset by the issuance of new debt totaling $174 thousand.

- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of $4.1 million, an increase of $923 thousand from the June 30, 2021, fund balance of $3.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The fund financial statements reflect the School District's most significant funds. For the year ending June 30, 2022, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2022 and 2021.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Assets		
Current and Other Assets	$ 8,657,379	$ 8,157,517
Capital Assets, Net	30,238,334	29,958,208
Total Assets	38,895,713	38,115,725
Deferred Outflows or Resources		
Related to Defined Benefit Pension Plans	5,200,511	5,110,844
Related to OPEB	2,635,059	3,190,901
Total Deferred Outflows or Resources	7,835,570	8,301,745
Liabilities		
Current and Other Liabilities	2,605,770	2,888,418
Long-Term Liabilities	3,357,667	4,233,648
Net Pension Liability	6,793,931	18,308,848
Net OPEB Liability	12,140,383	16,485,883
Total Liabilities	24,897,751	41,916,797
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	10,087,053	216,553
Related to OPEB	6,907,339	3,709,486
Total Deferred Inflows of Resources	16,994,392	3,926,039
Net Position		
Net Investment in Capital Assets	26,880,668	25,724,561
Restricted	1,753,845	1,680,955
Unrestricted (Deficit)	(23,795,373)	(26,830,882)
Total Net Position	$ 4,839,140	$ 574,634

Total assets and deferred outflows of resources increased by $314 thousand which was primarily due to the results of current year operations and changes in the pension and OPEB activity.

Total liabilities and deferred inflows of resources decreased by $4.0 million. The combination of the increase in total assets and deferred outflows of resources and the decrease in total liabilities and deferred inflows of resources yielded an increase in net position of $4.3 million.

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

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 211,664	$ 122,726
Operating Grants and Contributions	18,751,322	16,347,548
Capital Grants and Contributions	-	231,660
Total Program Revenues	18,962,986	16,701,934
General Revenues:		
Property Taxes	4,805,033	4,506,857
Sales Taxes	1,371,066	1,277,464
Grants and Contributions not Restricted to Specific Programs	1,360,384	1,030,524
Investment Earnings	9,246	6,442
Miscellaneous	627,268	350,046
Total General Revenues	8,172,997	7,171,333
Total Revenues	27,135,983	23,873,267
Program Expenses		
Instruction	14,039,334	15,190,074
Support Services		
Pupil Services	700,583	674,836
Improvement of Instructional Services	614,768	695,393
Educational Media Services	221,449	265,579
General Administration	180,196	634,074
School Administration	1,413,935	1,441,143
Business Administration	190,614	466,851
Maintenance and Operation of Plant	1,793,681	1,570,629
Student Transportation Services	1,446,537	1,238,168
Other Support Services	538,807	165,651
Operations of Non-Instructional Services		
Enterprise Operations	130,572	87,153
Food Services	1,517,497	1,346,275
Interest on Long-Term Debt	83,504	109,535
Total Expenses	22,871,477	23,885,361
Change in Net Position	$ 4,264,506	$ (12,094)

Program revenues, in the form of charges for services and operating grants and contributions increased by $2.3 million for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding and other grants.

General revenues increased by $1.0 million during fiscal year 2022.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2021
Instruction	$ 14,039,334	$ 15,190,074	$ 2,183,568	$ 3,199,490
Support Services				
Pupil Services	700,583	674,836	293,448	529,914
Improvement of Instructional Services	614,768	695,393	234,020	451,608
Educational Media Services	221,449	265,579	(6,800)	14,713
General Administration	180,196	634,074	(339,172)	153,640
School Administration	1,413,935	1,441,143	271,137	673,388
Business Administration	190,614	466,851	163,896	422,037
Maintenance and Operation of Plant	1,793,681	1,570,629	947,713	801,196
Student Transportation Services	1,446,537	1,238,168	19,744	434,271
Other Support Services	538,807	165,651	415,928	104,370
Operations of Non-Instructional Services				
Enterprise Operations	130,572	87,153	130,572	87,153
Food Services	1,517,497	1,346,275	(489,067)	202,112
Interest on Long-Term Debt	83,504	109,535	83,504	109,535
Total Expenses	$ 22,871,477	$ 23,885,361	$ 3,908,491	$ 7,183,427

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $28.5 million and total expenses and other financing uses of $27.7 million. There was an increase in the fund balance totaling $845 thousand for the governmental funds as a whole due to the results of current year operations.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2022 and 2021, the School District amended its general fund budget as needed.

During fiscal year 2022 the general fund had final actual revenues and other financing sources totaling $26.2 million, which represented an decrease from the final budgeted amount of $26.5 million by $300 thousand. This difference was due to long-term debt proceeds not being budgeted as well as funding received from state sources over budgeted amounts.

Final actual expenditures during fiscal year 2022 totaling $25.2 million represented a decrease from the final budgeted amount of $27.9 million by $2.7 million. The decrease in actual expenditures versus final budget expenditures was due primarily to Instruction, school administration, and maintenance and operation of plan.

CAPITAL ASSETS

At the fiscal years ended June 30, 2022, and June 30, 2021, the School District had $30.2 million and $30.0 million respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land; buildings; transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

Table 4
Capital Assets at June 30
(Net of Depreciation and Amortization)

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Land	$ 212,917	$ 212,917
Construction in Progress	279,696	43,615
Buildings and Improvements	27,477,589	28,373,881
Equipment	1,711,223	1,061,114
Land Improvements	400,083	266,681
Right-to-Use Assets - Equipment	156,827	-
Total	$ 30,238,335	$ 29,958,208

Additional information about the School District's capital assets can be found in the Notes to the Basic Financial Statements.

DEBT ADMINISTRATION

At June 30, 2022, the School District had $3.4 million in total debt outstanding with $1.1 million due within one year. Table 5 summarizes bond debt outstanding at June 30, 2022 and 2021.

Table 5
Long-Term Liabilities at June 30

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Bonds Payable	$ 2,880,000	$ 3,760,000
Leases	157,788	-
Financed Purchase	186,333	276,000
Unamortized Bond Premium	133,546	197,648
Total	$ 3,357,667	$ 4,233,648

Additional information about the School District's long-term liabilities can be found in the Notes to the Basic Financial Statements.

CURRENT ISSUES

The most significant challenge facing the School District remains the impact of COVID-19 and the relative uncertainty regarding how School Districts will be funded moving forward. In the next fiscal year, the School District anticipates receiving additional federal grants to offset the costs of COVID-19. In addition, the General Assembly is in the process of exploring new funding formulas that would likely cement in the austerity reductions received annually and change the way personnel salaries are calculated. It is uncertain at this point what type of financial impact these changes might have on the School District's finances.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Kyla M. Milton, Director of Finance, Telfair County School District, P.O. Box 55240, McRae-Helena, Georgia 31055. You may also email your questions to Mrs. Milton at kmilton@telfairschools.org.

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Telfair County Board of Education

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 5,393,261.13
Accounts Receivable, Net	
Taxes	614,125.51
State Government	1,506,922.06
Federal Government	1,096,403.61
Local	2,511.65
Inventories	44,154.69
Capital Assets, Non-Depreciable	492,613.22
Capital Assets, Depreciable (Net of Accumulated Depreciation/Amortization)	29,745,721.59
Total Assets	38,895,713.46
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	5,200,511.00
Related to OPEB Plan	2,635,059.00
Total Deferred Outflows of Resources	7,835,570.00
LIABILITIES	
Accounts Payable	204,794.72
Salaries and Benefits Payable	2,344,996.58
Interest Payable	55,979.17
Net Pension Liability	6,793,931.00
Net OPEB Liability	12,140,383.00
Long-Term Liabilities	
Due Within One Year	1,104,632.82
Due in More Than One Year	2,253,033.78
Total Liabilities	24,897,751.07
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	10,087,053.00
Related to OPEB Plan	6,907,339.00
Total Deferred Inflows of Resources	16,994,392.00
NET POSITION	
Net Investment in Capital Assets	26,880,668.21
Restricted for	
Continuation of Federal Programs	135,890.38
Debt Service	926,195.83
Capital Projects	691,758.62
Unrestricted (Deficit)	(23,795,372.65)
Total Net Position	$ 4,839,140.39

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

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

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 14,039,334.55	$ 119,052.53	$ 11,736,713.97	$ (2,183,568.05)
Support Services				
Pupil Services	700,583.24	-	407,135.03	(293,448.21)
Improvement of Instructional Services	614,767.79	-	380,747.93	(234,019.86)
Educational Media Services	221,449.07	-	228,249.08	6,800.01
General Administration	180,196.12	-	519,368.83	339,172.71
School Administration	1,413,935.27	-	1,142,797.95	(271,137.32)
Business Administration	190,613.54	-	26,717.23	(163,896.31)
Maintenance and Operation of Plant	1,793,680.61	-	845,967.34	(947,713.27)
Student Transportation Services	1,446,536.81	-	1,426,793.29	(19,743.52)
Other Support Services	538,807.40	-	122,879.69	(415,927.71)
Operations of Non-Instructional Services				
Enterprise Operations	130,571.99	-	-	(130,571.99)
Food Services	1,517,496.99	92,611.67	1,913,952.23	489,066.91
Interest on Long-Term Debt	83,504.10	-	-	(83,504.10)
Total Governmental Activities	$ 22,871,477.48	$ 211,664.20	$ 18,751,322.57	(3,908,490.71)
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				4,770,779.47
Railroad Cars				34,253.45
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Capital Projects				1,344,121.06
Other Sales Tax				26,945.35
Grants and Contributions not Restricted to Specific Programs				1,360,384.00
Investment Earnings				9,245.86
Miscellaneous				627,267.51
Total General Revenues				8,172,996.70
Change in Net Position				4,264,505.99
Net Position - Beginning of Year				574,634.40
Net Position - End of Year				$ 4,839,140.39

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

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 3,839,387.89	$ 1,553,873.24	$ -	$ 5,393,261.13
Accounts Receivable, Net				
Taxes	494,065.13	120,060.38	-	614,125.51
State Government	1,506,922.06	-	-	1,506,922.06
Federal Government	1,096,403.61	-	-	1,096,403.61
Local	2,511.65	-	-	2,511.65
Inventories	44,154.69	-	-	44,154.69
Total Assets	$ 6,983,445.03	$ 1,673,933.62	$ -	$ 8,657,378.65
LIABILITIES				
Accounts Payable	$ 204,794.72	$ -	$ -	$ 204,794.72
Salaries and Benefits Payable	2,344,996.58	-	-	2,344,996.58
Total Liabilities	2,549,791.30	-	-	2,549,791.30
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	348,302.38	-	-	348,302.38
FUND BALANCES				
Nonspendable	44,154.69	-	-	44,154.69
Restricted	91,735.69	1,673,933.62	-	1,765,669.31
Committed	208,207.47	-	-	208,207.47
Unassigned	3,741,253.50	-	-	3,741,253.50
Total Fund Balances	4,085,351.35	1,673,933.62	-	5,759,284.97
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,983,445.03	$ 1,673,933.62	$ -	$ 8,657,378.65

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

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")		$ 5,759,284.97
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	$ 212,917.00	
Construction in progress	279,696.22	
Buildings and improvements	39,361,032.19	
Equipment	5,424,622.12	
Land improvements	1,288,662.09	
Right-to-use assets	174,252.12	
Accumulated depreciation/amortization	(16,502,846.93)	30,238,334.81
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (6,793,931.00)	
Net OPEB liability	(12,140,383.00)	(18,934,314.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	$ (4,886,542.00)	
Related to OPEB	(4,272,280.00)	(9,158,822.00)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		348,302.38
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (2,880,000.00)	
Accrued interest payable	(55,979.17)	
Financed purchase arrangement payable	(186,333.30)	
Lease liability payable	(157,787.68)	
Unamortized bond premiums	(133,545.62)	(3,413,645.77)
Net position of governmental activities (Exhibit "A")		$ 4,839,140.39

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 4,882,117.95	$ -	$ -	$ 4,882,117.95
Sales Taxes	26,945.35	1,344,121.06	-	1,371,066.41
State Funds	12,893,427.45	-	-	12,893,427.45
Federal Funds	7,336,964.12	-	-	7,336,964.12
Charges for Services	211,664.20	-	-	211,664.20
Investment Earnings	7,475.86	1,770.00	-	9,245.86
Miscellaneous	627,267.51	-	-	627,267.51
Total Revenues	25,985,862.44	1,345,891.06	-	27,331,753.50
EXPENDITURES				
Current				
Instruction	15,078,733.99	-	-	15,078,733.99
Support Services				
Pupil Services	773,594.24	-	-	773,594.24
Improvement of Instructional Services	686,920.79	-	-	686,920.79
Educational Media Services	252,110.07	-	-	252,110.07
General Administration	409,624.27	-	-	409,624.27
School Administration	1,571,809.31	-	-	1,571,809.31
Business Administration	236,611.24	-	-	236,611.24
Maintenance and Operation of Plant	1,853,887.60	-	-	1,853,887.60
Student Transportation Services	2,202,768.59	-	-	2,202,768.59
Other Support Services	153,743.90	-	-	153,743.90
Enterprise Operations	130,571.99	-	-	130,571.99
Food Services Operation	1,573,512.33	-	-	1,573,512.33
Capital Outlay	198,252.12	390,533.71	-	588,785.83
Debt Services				
Principal	106,131.14	-	880,000.00	986,131.14
Dues and Fees	-	-	1,075.00	1,075.00
Interest	9,247.66	-	151,950.00	161,197.66
Total Expenditures	25,237,519.24	390,533.71	1,033,025.00	26,661,077.95
Revenues over (under) Expenditures	748,343.20	955,357.35	(1,033,025.00)	670,675.55
OTHER FINANCING SOURCES (USES)				
Lease Liability Proceeds	174,252.12	-	-	174,252.12
Transfers In	-	-	1,033,025.00	1,033,025.00
Transfers Out	-	(1,033,025.00)	-	(1,033,025.00)
Total Other Financing Sources (Uses)	174,252.12	(1,033,025.00)	1,033,025.00	174,252.12
Net Change in Fund Balances	922,595.32	(77,667.65)	-	844,927.67
Fund Balances - Beginning	3,162,756.03	1,751,601.27	-	4,914,357.30
Fund Balances - Ending	$ 4,085,351.35	$ 1,673,933.62	$ -	$ 5,759,284.97

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

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

Net change in fund balances total governmental funds (Exhibit "E")			$ 844,927.67
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.			
Capital outlay	$	1,518,114.04	
Depreciation expense		(1,220,562.06)	
Amortization expense		(17,425.21)	280,126.77
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(77,085.03)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.			
Lease liability proceeds	$	(174,252.12)	
Financed purchase arrangement payments		89,666.70	
Bond principal retirements		880,000.00	
Lease liability payments		16,464.44	811,879.02
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.			
Pension expense	$	1,734,084.00	
OPEB expense		591,805.00	2,325,889.00
Some items 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.			
Net decrease in accrued interest		14,666.66	
Amortization of bond premium		64,101.90	78,768.56
Change in net position of governmental activities (Exhibit "B")			$ 4,264,505.99

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and bond proceeds that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting

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

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

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

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

New Accounting Pronouncements

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

Cash and Cash Equivalents

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

Receivables

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

Inventories

Food Inventories

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

Capital Assets

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 5,000.00	10 to 60 years
Construction in Progress	$ 5,000.00	N/A
Buildings and Improvements	$ 5,000.00	10 to 80 years
Equipment	$ 5,000.00	5 to 20 years
Intangible Assets	$ 50,000.00	To be assigned individually

Intangible Right-To-Use Assets

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. An intangible right-to-use asset represents the School District's right to use an underlying asset for the lease term. Lease obligations represent the School District's liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on

future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Capitalization thresholds of intangible right-to-use assets reported in the government-wide are as follows:

	Capitalization Policy
Land	$ 50,000.00
Land Improvements	$ 50,000.00
Buildings and Improvements	$ 50,000.00
Equipment	$ 50,000.00

Leases as Lessee

The School District is a lessee for noncancellable leases of copiers owned by 3rd parties.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the lease term.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

The lease agreements entered into by the School District as lessee do not contain stated interest rates. Therefore, the School District has used its estimated incremental borrowing rate as the discount rate for the leases. The School District has estimated this incremental borrowing rate to be 2.5% for the leases in which the School District is currently involved as the lessee.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the School District will make over the lease term.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

Use of Estimates

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

Property Taxes

The Telfair County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on September 30, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 20, 2021 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. The Telfair 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, 2022, for maintenance and operations amounted to $4,363,196.27.

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

School Operations	15.208 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $484,668.23 during fiscal year ended June 30, 2022.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $1,344,121.06 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

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

NOTE 4: DEPOSITS

Collateralization of Deposits

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

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

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

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

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

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

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, the School District had deposits with a carrying amount of $5,393,261.13, and a bank balance of $6,156,662.38. The bank balances insured by Federal depository insurance were $500,000.00 and the bank balances collateralized with securities held by the pledging financial institution in the School District’s name were $5,656,662.38.

NOTE 5: CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS

The following is a summary of changes in the capital assets and intangible right-to-use assets for governmental activities during the fiscal year:

	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	$ 212,917.00	$ -	$ -	$ 212,917.00
Construction in Progress	43,615.00	279,696.22	43,615.00	279,696.22
Total Capital Assets				
Not Being Depreciated	256,532.00	279,696.22	43,615.00	492,613.22
Capital Assets,				
Being Depreciated/Amortized				
Buildings and Improvements	39,353,187.58	7,844.61	-	39,361,032.19
Equipment	5,924,218.06	933,084.60	1,432,680.54	5,424,622.12
Land Improvements	1,121,810.60	166,851.49	-	1,288,662.09
Right-To-Use-Assets - Equipment	-	174,252.12	-	174,252.12
Less Accumulated				
Depreciation/Amortization:				
Buildings and Improvements	10,979,306.78	904,137.82	-	11,883,444.60
Equipment	4,863,104.17	282,975.32	1,432,680.54	3,713,398.95
Land Improvements	855,129.25	33,448.92	-	888,578.17
Right-To-Use-Assets - Equipment	-	17,425.21	-	17,425.21
Total Capital Assets,				
Being Depreciated/Amortized, Net	29,701,676.04	44,045.55	-	29,745,721.59
Governmental Activities				
Capital Assets - Net	$ 29,958,208.04	$ 323,741.77	$ 43,615.00	$ 30,238,334.81

Current year depreciation and amortization expense by function is as follows:

	Depreciation	Amortization	Total
Instruction	$ 722,232.56	$ -	$ 722,232.56
Support Services			
General Administration	190,463.35	17,425.21	207,888.56
School Administration	6,329.96	-	6,329.96
Maintenance and Operation of Plant	46,294.21	-	46,294.21
Student Transportation Services	192,359.53	-	192,359.53
Other Support Services	12,567.79	-	12,567.79
Food Services	50,314.66	-	50,314.66
	$ 1,220,562.06	$ 17,425.21	$ 1,237,987.27

NOTE 6: INTERFUND TRANSFERS

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

	Transfers From
Transfers to	Capital Projects Fund
Debt Service Fund	$ 1,033,025.00

Transfers are used to move Education Special Purpose Local Option Sales Tax (ESPLOST) revenues collected by the capital projects fund to the debt service fund to pay principal and interest for the general obligation bonds as required in the bond resolution.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General Obligation (G.O.) Bonds	$ 3,760,000.00	$ -	$ 880,000.00	$ 2,880,000.00	$ 915,000.00
Unamortized Bond Premiums	197,647.52	-	64,101.90	133,545.62	64,101.90
Leases	-	174,252.12	16,464.44	157,787.68	33,550.82
Financed Purchases	276,000.00	-	89,666.70	186,333.30	91,980.10
	$ 4,233,647.52	$ 174,252.12	$ 1,050,233.04	$ 3,357,666.60	$ 1,104,632.82

General Obligation Bonds

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

The School District's outstanding bonds from direct placement related to governmental activities of $2,880,000.00 contain a provision that in the event of a nonpayment, the State Board is authorized to and must withhold from any state appropriations to which the School District may be entitled and apply so much thereof as shall be necessary to the payment of the principal of and interest on such indebtedness then due.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2018	4.00% - 5.00%	10/25/2018	8/1/2024	$ 4,510,000.00	$ 2,880,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt Principal	General Obligation Debt Interest	Unamortized Bond Premium
2023	$ 915,000.00	$ 111,475.00	$ 64,101.90
2024	965,000.00	69,300.00	64,101.90
2025	1,000,000.00	25,000.00	5,341.82
Total Principal and Interest	$ 2,880,000.00	$ 205,775.00	$ 133,545.62

Leases

The School District has acquired copiers under the provisions of various contracts that convey control of the right-to-use another entity's asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2022:

	Governmental Activities
Equipment	$ 174,252.12
Less: Accumulated Amortization	17,425.21
	$ 156,826.91

During the current fiscal year, the School District entered into a lease agreement as lessee for the right-to-use copiers at a cost of $174,252.12. This lease qualifies as a lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The lease currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	2.50%	7/1/2021	6/30/2026	$ 174,252.12	$ 157,787.68

The following is a schedule of total lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2023	$ 33,550.82	$ 3,631.78
2024	34,397.47	2,785.13
2025	35,265.50	1,917.10
2026	36,155.44	1,027.16
2027	18,418.45	172.85
Total Principal and Interest	$ 157,787.68	$ 9,534.02

Obligations Under Financed Purchases

An agreement dated August 15, 2020 was executed by and between the School District and Tax-Exempt Leasing Corp. The agreement authorized the borrowing of $276,000.00 for the purchase of three school buses. Payments of the agreement shall be made from the School District's general fund.

The School District's outstanding obligations from this agreement contain a provision that in an event of default, the company has the option of declaring outstanding amounts immediately due and payable or they make take possession of the assets.

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

	Governmental Activities
Equipment	$ 276,000.00
Less: Accumulated Amortization	45,999.99
	$ 230,000.01

Debt currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Buses	2.58%	8/15/2020	8/15/2023	$ 276,000.00	$ 186,333.30

The following is a schedule of total finance purchase payments:

Fiscal Year Ended June 30:	Principal	Interest
2023	$ 91,980.10	$ 4,807.40
2024	94,353.20	2,434.30
Total Principal and Interest	$ 186,333.30	$ 7,241.70

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Workers' Compensation

Georgia Education Workers' Compensation Trust

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.

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has not experienced any unemployment compensation claims during the past two fiscal years.

Surety Bond

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

Position Covered		Amount
Superintendent	$	100,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2022:

Nonspendable		
Inventories		$ 44,154.69
Restricted		
Continuation of Federal Programs	$ 91,735.69	
Capital Projects	691,758.62	
Debt Service	982,175.00	1,765,669.31
Assigned		
School Activity Accounts		208,207.47
Unassigned		3,741,253.50
Fund Balance, June 30, 2022		$ 5,759,284.97

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

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $408,688.00 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2022, the School District reported a liability of $12,140,383.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.112091%, which was a decrease of 0.000152% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of ($183,261.00). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,543,260.00
Changes of assumptions	2,223,091.00	990,648.00
Net difference between projected and actual earnings on OPEB plan investments	-	19,251.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,280.00	354,180.00
School District contributions subsequent to the measurement date	408,688.00	-
Total	$ 2,635,059.00	$ 6,907,339.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2023	$ (1,231,073.00)
2024	$ (1,126,006.00)
2025	$ (842,746.00)
2026	$ (582,957.00)
2027	$ (693,983.00)
Thereafter	$ (204,203.00)

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

OPEB:

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

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

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied

generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

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

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

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

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

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

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the Net OPEB liability	$ 13,879,180.00	$ 12,140,383.00	$ 10,684,845.00

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	$ 10,301,585.00	$ 12,140,383.00	$ 14,439,024.00

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

NOTE 12: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual School District payroll, of which 19.64% of payroll was required from the School District and 0.17% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,042,968.00 and $16,871.23 from the School District and the State, respectively.

Employees' Retirement System

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

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

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

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

Contributions: Member contributions under the old plan are 4.00% of annual compensation, up to $4,200.00, plus 6.00% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the

computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $5,060.00 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $35,541.00.

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

At June 30, 2022, the School District reported a liability of $6,793,931.00 for its proportionate share of the net pension liability for TRS ($6,778,120.00) and ERS ($15,811.00).

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	$	6,778,120.00
State of Georgia's proportionate share of the net pension liability associated with the School District		58,196.00
Total	$	6,836,316.00

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

At June 30, 2021, the School District's TRS proportion was 0.076638%, which was an increase of 0.001164% from its proportion measured as of June 30, 2020. At June 30, 2021, the School District's ERS proportion was 0.000676%, which was an increase of 0.000057% from its proportion measured as of June 30, 2020.

At June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $31,929.00.

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

For the year ended June 30, 2022, the School District recognized pension expense of $237,446.00 for TRS, $9,054.00 for ERS and $336.00 for PSERS and revenue of ($66,609.00) for TRS and $336.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,617,475.00	$ -	$ 374.00	$ -
Changes of assumptions	1,311,883.00	-	4,553.00	-
Net difference between projected and actual earnings on pension plan investments	-	9,914,475.00	-	14,613.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	215,960.00	157,965.00	2,238.00	-
School District contributions subsequent to the measurement date	2,042,968.00	-	5,060.00	-
Total	$ 5,188,286.00	$ 10,072,440.00	$ 12,225.00	$ 14,613.00

The School District contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2023	$ (1,298,276.00)	$ 1,655.00
2024	$ (1,305,014.00)	$ (1,648.00)
2025	$ (1,914,164.00)	$ (3,551.00)
2026	$ (2,409,668.00)	$ (3,904.00)

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

Teachers Retirement System:

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

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of

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

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

Employees' Retirement System:

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

Mortality rates are as follows:

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

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

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

Public School Employees Retirement System:

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

Mortality rates are as follows:

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

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

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

The long-term expected rate of return on TRS, ERS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected 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 allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% and 6.00%) or 1-percentage-point higher (8.25% and 8.00%) than the current rate:

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	$ 18,258,459.00	$ 6,778,120.00	$ (2,629,226.00)

Employees' Retirement System:	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$ 28,973.00	$ 15,811.00	$ 4,679.00

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

NOTE 13: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters approved a new SPLOST referendum. This also authorized the School District to issue general obligation bonds in the amount of $8,000,000.00. The proceeds from these bonds will be used for capital outlay projects. The School District has not issued any of these bonds as of the report date.

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.076638%	$ 6,778,120.00	$ 58,196.00	$ 6,836,316.00	$ 10,057,910.04	67.39%	92.03%
2021	0.075474%	$ 18,282,757.00	$ 148,493.00	$ 18,431,250.00	$ 9,807,459.41	186.42%	77.01%
2020	0.076935%	$ 16,543,105.00	$ 139,338.00	$ 16,682,443.00	$ 9,468,791.48	174.71%	78.56%
2019	0.076944%	$ 14,282,455.00	$ 121,396.00	$ 14,403,851.00	$ 9,242,373.18	154.53%	80.27%
2018	0.076150%	$ 14,152,712.00	$ 205,739.00	$ 14,358,451.00	$ 8,875,086.07	159.47%	79.33%
2017	0.075682%	$ 15,614,040.00	$ 540,123.00	$ 16,154,163.00	$ 8,588,781.70	181.80%	76.06%
2016	0.075267%	$ 11,458,653.00	$ 453,828.00	$ 11,912,481.00	$ 8,259,719.82	138.73%	81.44%
2015	0.076153%	$ 9,620,927.00	$ 371,936.00	$ 9,992,863.00	$ 8,068,028.78	119.25%	84.03%

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

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

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	$ 2,042,968.00	$ 2,042,968.00	$ -	$ 10,400,388.97	19.64%
2021	$ 1,901,346.00	$ 1,901,346.00	$ -	$ 10,057,910.04	18.90%
2020	$ 2,057,074.00	$ 2,057,074.00	$ -	$ 9,807,459.41	20.97%
2019	$ 1,962,374.00	$ 1,962,374.00	$ -	$ 9,468,791.48	20.72%
2018	$ 1,540,554.00	$ 1,540,554.00	$ -	$ 9,242,373.18	16.67%
2017	$ 1,246,885.41	$ 1,246,885.41	$ -	$ 8,875,086.07	14.05%
2016	$ 1,184,632.00	$ 1,184,632.00	$ -	$ 8,588,781.70	13.79%
2015	$ 1,045,095.00	$ 1,045,095.00	$ -	$ 8,259,719.82	12.65%

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

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2022	0.000676%	$ 15,811.00	$ 16,212.49	97.52%	87.62%
2021	0.000619%	$ 26,091.00	$ 15,611.18	167.13%	76.21%
2020	0.000511%	$ 21,087.00	$ 12,870.19	163.84%	76.74%
2019	0.000000%	$ -	$ -	0.00%	76.68%
2018	0.000168%	$ 6,823.00	$ 4,131.46	165.15%	76.33%
2017	0.000570%	$ 26,963.00	$ 13,243.46	203.59%	72.34%
2016	0.000801%	$ 32,452.00	$ 20,137.73	161.15%	76.20%
2015	0.001072%	$ 40,207.00	$ 24,144.04	166.53%	77.99%

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

TELFAIR COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	$ 5,060.00	$ 5,060.00	$ -	$ 20,545.62	24.63%
2021	$ 3,998.00	$ 3,998.00	$ -	$ 16,212.49	24.66%
2020	$ 3,849.76	$ 3,849.76	$ -	$ 15,611.18	24.66%
2019	$ 3,189.21	$ 3,189.21	$ -	$ 12,870.19	24.78%
2018	$ -	$ -	$ -	$ -	0.00%
2017	$ 1,025.02	$ 1,025.02	$ -	$ 4,131.46	24.81%
2016	$ 3,274.00	$ 3,274.00	$ -	$ 13,243.46	24.72%
2015	$ 4,422.00	$ 4,422.00	$ -	$ 20,137.73	21.96%

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

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00%	$ -	$ 31,929.00	$ 31,929.00	$ 397,244.26	N/A	98.00%
2021	0.00%	$ -	$ 223,542.00	$ 223,542.00	$ 430,408.59	N/A	84.45%
2020	0.00%	$ -	$ 190,880.00	$ 190,880.00	$ 376,385.21	N/A	85.02%
2019	0.00%	$ -	$ 198,929.00	$ 198,929.00	$ 369,450.28	N/A	85.26%
2018	0.00%	$ -	$ 179,708.00	$ 179,708.00	$ 362,754.37	N/A	85.69%
2017	0.00%	$ -	$ 221,683.00	$ 221,683.00	$ 344,109.53	N/A	81.00%
2016	0.00%	$ -	$ 142,174.00	$ 142,174.00	$ 328,215.03	N/A	87.00%
2015	0.00%	$ -	$ 125,804.00	$ 125,804.00	$ 330,529.94	N/A	88.29%

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

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

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.112091%	$ 12,140,383.00	$ -	$ 12,140,383.00	$ 10,149,184.99	119.62%	6.14%
2021	0.112243%	$ 16,485,883.00	$ -	$ 16,485,883.00	$ 9,153,825.59	180.10%	3.99%
2020	0.113308%	$ 13,905,323.00	$ -	$ 13,905,323.00	$ 8,756,179.19	158.81%	4.63%
2019	0.115481%	$ 14,677,280.00	$ -	$ 14,677,280.00	$ 8,499,286.21	172.69%	2.93%
2018	0.115425%	$ 16,217,166.00	$ -	$ 16,217,166.00	$ 8,305,298.94	195.26%	1.61%

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

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

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2022	$ 408,688.00	$ 408,688.00	$ -	$ 9,284,706.03	4.40%
2021	$ 416,958.00	$ 416,958.00	$ -	$ 10,149,184.99	4.11%
2020	$ 379,578.00	$ 379,578.00	$ -	$ 9,153,825.59	4.15%
2019	$ 610,242.00	$ 610,242.00	$ -	$ 8,756,179.19	6.97%
2018	$ 598,527.00	$ 598,527.00	$ -	$ 8,499,286.21	7.04%
2017	$ 601,838.00	$ 601,838.00	$ -	$ 8,305,298.94	7.25%

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

Teachers Retirement System

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

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

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

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

Employees' Retirement System

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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

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

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

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

Changes in assumptions:

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

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

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

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

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

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

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

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 4,325,096.00	$ 4,325,096.00	$ 4,882,117.95	$ 557,021.95
Sales Taxes	12,200.00	12,200.00	26,945.35	14,745.35
State Funds	11,055,753.12	11,331,228.12	12,893,427.45	1,562,199.33
Federal Funds	8,501.74	10,334,455.22	7,336,964.12	(2,997,491.10)
Charges for Services	-	44,950.00	211,664.20	166,714.20
Investment Earnings	2,500.00	2,720.00	7,475.86	4,755.86
Miscellaneous	48,882.00	49,582.00	627,267.51	577,685.51
Total Revenues	15,452,932.86	26,100,231.34	25,985,862.44	(114,368.90)
EXPENDITURES				
Current				
Instruction	10,587,399.26	16,418,656.77	15,078,733.99	1,339,922.78
Support Services				
Pupil Services	420,297.74	901,844.08	773,594.24	128,249.84
Improvement of Instructional Services	429,160.47	694,672.74	686,920.79	7,751.95
Educational Media Services	239,827.10	269,993.10	252,110.07	17,883.03
General Administration	337,694.63	354,829.54	409,624.27	(54,794.73)
School Administration	1,319,174.57	2,343,740.06	1,571,809.31	771,930.75
Business Administration	208,150.93	199,472.93	236,611.24	(37,138.31)
Maintenance and Operation of Plant	1,614,710.33	2,294,713.44	1,853,887.60	440,825.84
Student Transportation Services	1,884,084.95	2,401,900.84	2,202,768.59	199,132.25
Other Support Services	126,654.08	366,207.68	153,743.90	212,463.78
Enterprise Operations	-	-	130,571.99	(130,571.99)
Food Services Operation	9,148.27	1,655,393.90	1,573,512.33	81,881.57
Capital Outlay	-	-	198,252.12	(198,252.12)
Debt Service	-	-	115,378.80	(115,378.80)
Total Expenditures	17,176,302.33	27,901,425.08	25,237,519.24	2,663,905.84
Excess of Revenues over (under) Expenditures	(1,723,369.47)	(1,801,193.74)	748,343.20	2,549,536.94
OTHER FINANCING SOURCES(USES)				
Other Sources	-	398,988.97	174,252.12	(224,736.85)
Other Uses	-	(398,988.97)	-	398,988.97
Total Other Financing Sources (Uses)	-	-	174,252.12	174,252.12
Net Change in Fund Balances	(1,723,369.47)	(1,801,193.74)	922,595.32	2,723,789.06
Fund Balances - Beginning	4,351,666.65	4,351,666.65	3,162,756.03	(1,188,910.62)
Adjustments	17,669.11	13,257.00	-	(13,257.00)
Fund Balances - Ending	$ 2,645,966.29	$ 2,563,729.91	$ 4,085,351.35	$ 1,521,621.44

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.
The actual revenues and expenditures of the various principal accounts are $431,313.40 and $418,383.28, respectively.

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	$ 437,160.90
National School Lunch Program	10.555	225GA324N1199	813,474.88
COVID-19 - National School Lunch Program	10.555	225GA324N1099	69,322.24
Total Child Nutrition Cluster			1,319,958.02
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	215GA350N8103	8,501.74
State Administrative Expenses for Child Nutrition	10.560	215GA904N2533	3,708.50
Total Other Programs			12,210.24
Total U. S. Department of Agriculture			1,332,168.26
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	1,406,073.13
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,834,371.95
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	46,924.87
Total Education Stabilization Fund			3,287,369.95
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	29,604.00
Grants to States	84.027A	H027A210073	236,173.62
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	81,904.76
Preschool Grants	84.173A	H173A210081	14,398.00
COVID-19 - American Rescue Plan - Preschool	84.173X	H173X210081	10,251.76
Total Special Education Cluster			372,332.14
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	48,372.10
Migrant Education - State Grant Program	84.011A	S011A200011	7,914.00
Migrant Education - State Grant Program	84.011A	S011A200011	42,134.88
Rural and Low-Income School Program	84.358B	S358B200010	1,771.00
Rural and Low-Income School Program	84.358B	S358B210010	36,790.47
Student Support and Academic Enrichment Program	84.424A	S424A210011	72,500.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	100,102.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-20A	46,312.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	1,066,946.21
Total Other Programs			1,422,842.66
Total U. S. Department of Education			5,082,544.75

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Federal Communications Commission, U.S.			
Direct			
COVID-19 - Emergency Connectivity Fund Program	32.009		911,554.96
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	2210GACCC5	25,644.74
Total Expenditures of Federal Awards			$ 7,351,912.71

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Telfair County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 592,881.20
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	459,781.00
Kindergarten Program - Early Intervention Program	152,066.00
Primary Grades (1-3) Program	1,201,486.00
Primary Grades - Early Intervention (1-3) Program	495,584.00
Upper Elementary Grades (4-5) Program	554,114.00
Upper Elementary Grades - Early Intervention (4-5) Program	226,133.00
Middle School (6-8) Program	1,218,996.00
High School General Education (9-12) Program	972,732.00
Vocational Laboratory (9-12) Program	303,820.00
Students with Disabilities	1,553,004.00
Gifted Student - Category VI	298,677.00
Remedial Education Program	198,682.00
Alternative Education Program	84,736.00
Media Center Program	200,846.00
20 Days Additional Instruction	62,716.00
Staff and Professional Development	33,250.00
Principal Staff and Professional Development	1,171.00
Indirect Cost	
Central Administration	433,590.00
School Administration	559,744.00
Facility Maintenance and Operations	395,158.00
Mid-Term Adjustment Hold-Harmless	83,322.00
Amended Formula Adjustment	60,471.00
Vocational Supervisors	5,835.00
Categorical Grants	
Pupil Transportation	
Regular	403,772.52
Nursing Services	45,000.00
Sparsity	34,864.00
One Time QBE Adjustment	351,017.00
Education Equalization Funding Grant	1,360,384.00
Other State Programs	
Food Services	82,201.00
Hygiene Products	1,094.00
Math and Science Supplements	3,638.00
Preschool Disability Services	36,316.00
Teachers Retirement	16,871.23
Vocational Education	101,439.00
Governor's Office of Student Achievement	
Innovation Fund	209,153.67
Office of the State Treasurer	
Public School Employees Retirement	35,541.00
CONTRACT	
Human Resources, Georgia Department of	
Family Connections	63,340.83
	$ 12,893,427.45

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

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
2018 SPLOST			
Renovating and modernizing Telfair County Middle School and Telfair County High School to include construction of a new building to house a new state of the art kitchen, cafeteria, and agriculture CTAE lab(s) and classroom(s); new exterior and interior finishes, new doors, door frames, and hardware, as needed; new markerboards, tackboards, and smartboards in each classroom; electrical upgrades, including new LED lighting; plumbing upgrades, including new flooring, fixtures, and finishes; HVAC replacement; any necessary demolition; and upgraded security and safety equipment.	$ 6,200,000.00	$ 10,841,207.84	Completed
Acquiring instructional materials and textbooks, buses, transportation equipment, and instructional technology, including vocational, fine arts, athletics, and physical education equipment, and band uniforms and related band equipment.	-	20,000.00	3/31/2024
Paying expenses incident to accomplish foregoing.	600,000.00	674,991.00	Completed
Total	$ 6,800,000.00	$ 11,536,198.84	

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

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4) (5)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
2018 SPLOST				
Renovating and modernizing Telfair County Middle School and Telfair County High School to include construction of a new building to house a new state of the art kitchen, cafeteria, and agriculture CTAE lab(s) and classroom(s); new exterior and interior finishes, new doors, door frames, and hardware, as needed; new markerboards, tackboards, and smartboards in each classroom; electrical upgrades, including new LED lighting; plumbing upgrades, including new flooring, fixtures, and finishes; HVAC replacement; any necessary demolition; and upgraded security and safety equipment.	$ 390,533.71	$ 10,450,654.13	$ 10,841,187.84	$ 3,259.87
Acquiring instructional materials and textbooks, buses, transportation equipment, and instructional technology, including vocational, fine arts, athletics, and physical education equipment, and band uniforms and related band equipment.	-	9,222.62	-	-
Paying expenses incident to accomplish foregoing.	-	674,991.00	674,991.00	-
Total	$ 390,533.71	$ 11,134,867.75	$ 11,516,178.84	$ 3,259.87

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

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

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

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	$ 437,313.33
Current Year	151,950.00
Total	$ 589,263.33

(5) In addition to the expenditures shown above, the School District incurred Bond issuance cost to provide advance funding for the above project as follows:

Prior Years	$ 110,308.00

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Section II

Compliance and Internal Control Reports

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Lenard Harrelson, Superintendent and Members of the
Telfair County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Telfair County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 24, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

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

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

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

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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*.

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

January 24, 2024

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Lenard Harrelson, Superintendent and Members of the
Telfair County Board of Education

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Education Stabilization Fund (84.425) and Emergency Connectivity Fund (32.009)

In our opinion, except for the noncompliance described in the "Basis for Qualified and Unmodified Opinions" section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund (84.425) and Emergency Connectivity Fund (32.009) for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost

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Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Education Stabilization Fund (84.425) and Emergency Connectivity Fund (32.009)

As described in the accompanying *Schedule of Findings and Questioned Costs*, the School District did not comply with requirements regarding the Education Stabilization Fund (84.425) as described in finding FA 2022-002 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Equipment and Real Property Management and Emergency Connectivity Fund (32.009) as described in finding FA 2022-001 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in findings FA 2022-01 and FA 2022-002 to be material weaknesses.

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

January 24, 2024

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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TELFAIR COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2021-001 Internal Controls Over Financial Reporting

Finding Status: Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:
Governmental Activities and Each Major Fund — Unmodified

Internal control over financial reporting:
- Material weakness(es) identified? — No
- Significant deficiency(ies) identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal control over major programs:
- Material weakness(es) identified? — Yes
- Significant deficiency(ies) identified? — None Reported

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

Education Stabilization Fund (84.425)	Qualified
Emergency Connectivity Fund (32.009)	Qualified
All other major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — Yes

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
10.553, 10.555	Child Nutrition Cluster
32.009	Emergency Connectivity Fund
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: — $750,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-01 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Procurement and Suspension and Debarment
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	Federal Communications Commission
Pass-Through Entity:	Direct
AL Number and Title:	COVID-19 – 32.009 – Emergency Connectivity Fund Program
Federal Award Number:	N/A
Questioned Costs:	$314,640.00

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures as it relates to the Emergency Connectivity Fund program.

Background:
Congress established the Emergency Connectivity Fund (ECF) through section 7402 of the American Rescue Plan Act of 2021, and appropriated $7.171 billion for the purchase of eligible equipment, advanced telecommunications, and information services for use by students, school staff, and library patrons at locations that include locations other than at a school or library. The ECF Program provides funding to meet the remote learning needs of students, school staff, and library patrons who would otherwise lack access to connected devices and broadband connections sufficient to engage in remote learning during the COVID-19 emergency period. Eligible program applicants submit the ECF Federal Communications Commission (FCC) Form 471 application, which must, then, be approved by the FCC, to receive funding.

ECF funding totaling $1,169,559.76 was granted to the Telfair County Board of Education (School District). During fiscal year 2022, ECF funds totaling $911,554.96 were expended and reported on the School District's Schedule of Expenditures of Federal Awards (SEFA); therefore, an additional $258,004.80 is available for expenditure in future fiscal years.

Criteria:
As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Pursuant to Title 47 CFR Section 54.171(a)(1)(vi), "the school, library, or consortia listed on the FCC Form 471 application has complied with all applicable state, local, or Tribal local laws regarding procurement of services for which support is being sought."

Additionally, the suspension and debarment rules reflected within Title 47 CFR Section 8 are also applicable to the ECF Program.

Condition:

Auditors performed a review of all expenditure activity associated with the ECF program to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were identified:

- A purchase order or other record of supervisory review and approval could not be provided for one expenditure totaling $314,640.00.
- Documentation was not maintained to evidence that appropriate bidding procedures were used to select vendors for the goods and services purchased with ECF funding as is required by the School District's internal purchasing policy.

Questioned Costs:

Known questioned costs of $314,640.00 were identified for expenditures that did not follow the School District's purchasing policies and procedures. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs.

Cause:

Per discussion with management, this federal program was new and unfamiliar to the School District. Vendors were paid directly by the Federal Communications Commission, rather than by the School District. Since the School District did not directly pay for or seek reimbursement for the items, they did not feel as if federal procurement procedures applied in this instance.

Effect:

The School District is not in compliance with the Uniform Guidance or FCC guidance related to the ECF program. Failure to ensure that appropriate policies and procedures are followed when expending federal funds may expose the School District to unnecessary financial strains and shortages as the FCC may require the School District to return funds associated with unallowable expenditures.

Recommendation:

The School District should review current internal control procedures and ensure that Board-approved policies and procedures are followed when expending funds related to the ECF program. In addition, the School District should implement a monitoring process to ensure that all expenditures are compliant with the School District's policies and procedures.

Views of Responsible Officials:

We concur with this finding.

FA 2022-02 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Equipment and Real Property Management
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Award Numbers:	S425D210012 (Year: 2021), S425U210012 (Year: 2021), S425Q210012 (Year 2021)
Questioned Costs:	$192,004.45

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures and equipment as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Background:

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

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

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE is responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling $3,287,369.95 were expended and reported on the Telfair County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

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

In addition, provisions included in the Uniform Guidance, Section 202.403 – Reasonable Costs state that "a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award… (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government. (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

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

Lastly, provisions included in the Uniform Guidance, Section 200.313 - Equipment state that "equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency."

Condition:

A sample of 23 nonpersonal services expenditures was randomly selected for testing using a non-statistical sampling approach. In addition, six individually significant expenditures were selected for testing. These expenditures were reviewed to determine if appropriate internal controls were

implemented and applicable compliance requirements were met. Furthermore, all equipment items purchased during the period under review were selected for testing to ensure approval was obtained from GaDOE prior to the purchase of the equipment. The following deficiencies were noted:

- Two randomly selected expenditures totaling $7,678.24 were not appropriately approved by GaDOE through the Consolidated Application process as required.
- Two individually significant items totaling $99,628.33 were not appropriately approved by GaDOE through the Consolidated Application process as required.
- The purchase of two servers totaling $35,022.88 was not appropriately approved by GaDOE through the Consolidated Application process as required.
- Bonuses totaling $43,900.00 were paid to individuals who were not employees of the School District. These individuals were hired to perform specific functions as detailed within the associated contracts and were paid amounts in excess of the stated rate noted within these contracts.

Questioned Costs:

Upon testing a sample of $142,102.78 in nonpersonal services expenditures, known questioned costs of $7,678.24 were identified. Using the population being sampled, which totaled $279,079.35, we project the likely questioned costs to be approximately $15,079.50.

In addition, known questioned costs identified for unallowable/undocumented payments associated with individually significant items tested totaled $184,326.21; therefore, the known and likely questioned costs identified for all unallowable payments throughout the sample and individually significant items tested totaled $192,004.45 and $199,405.71, respectively.

Cause:

Per discussion with management, the School District believed that the bonuses were allowable as the expenditures were approved by GaDOE through the Consolidated Application process; however, they were not aware that contract amendments should be initiated prior to the expenditure of funds in this manner. In discussing the expenditures not approved on the Consolidated Application, they stated that the School District management did not update the ESSER Consolidated Application system prior to expending the funds for a different purpose.

Effect:

The School District is not in compliance with the Uniform Guidance, ED, or GaDOE guidance related to the ESSER program. Failure to ensure that appropriate policies and procedures are followed when expending federal funds may expose the School District to unnecessary financial strains and shortages as GaDOE may require the School District to return funds associated with unallowable expenditures.

Recommendation:

The School District should review current internal control procedures related to ESSER program expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that expenditures are in line with provisions reflected within the associated contract and/or contract amendments. In addition, the School District should implement a monitoring process to ensure that all expenditures are compliant with the School District's purchasing and employee compensation policies and procedures.

Views of Responsible Officials:

The School District does not agree with this finding. The School District feels this was an isolated incident due to the unique circumstances of this atypical grant. All documentation required by the vendors used was provided.

The School District believes GaDOE guidelines and district Board approved procedures were followed on all expenditures except for a portion of the bonuses referenced.

Auditor's Concluding Remarks:

School District personnel state that the School District "believes GaDOE guidelines and district Board approved procedures were followed". While the expenditures may be allowable in nature, the School District is still required to get approval from GaDOE to be allowable per the Uniform Guidance. School Districts are expected and required to comply with federal regulations associated with the federal program.

When each federal program budget is submitted to GaDOE, School District management signs assurances certifying that "each program will be administered in accordance with all applicable statutes, internal controls in the procurement process for goods and services in accordance with Georgia's Financial Management for Georgia LUAS Manual." As noted previously, the School District did follow appropriate procurement policies and procedures.

We reaffirm our finding and will review the status of the finding during our next audit.

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Section V

Management's Corrective Action

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Telfair County Schools

212 W. Huckabee Street
P. O. Box 55240
McRae Helena, Georgia 31055

Ms. Marion Black
Mr. Chris Clark
Mr. Elton Harris
Mr. Robbie Marchant
Mrs. Laura Neal
Mr. Aaron Spaulding, III

Mr. Lenard F. Harrelson
Superintendent

Dr. David Altman

FA 2022-01 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Procurement
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	Federal Communications Commission
Pass-Through Entity:	Direct
AL Number and Title:	COVID-19 – 32.009 – Emergency Connectivty Fund Program
Questioned Costs:	$314,640.00

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures as it relates to the Emergency Connectivity Fund program

Corrective Action Plans:
Management will continue to ensure federal fund program guidelines and Board-approved policies and procedures are followed.

Estimated Completion Date: Ongoing

FA 2022-02 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Number and Title:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Awards Numbers:	S425D210012 (Year: 2021), S425U210012 (Year: 2021)
Questioned Costs:	$193,630.71

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Corrective Action Plans:
Although the School District does not agree with this finding, management will continue to ensure federal fund program guidelines and Board-approved policies and procedures are followed.

Estimated Completion Date: Ongoing

Contact Person: Kyla M. Milton, Finance Director
Telephone: (229) 868-5661
Email: kmilton@telfairschools.org

Lenard F. Harrelson, Jr,
Superintendent

Kyla M. Milton,
Finance Director