



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

Elbert County Board of Education Elberton, Georgia

Including Independent Auditor's Report

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



DOAA

Georgia Department
of Audits & Accounts

Elbert County Board of Education

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Elbert County Board of Education

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Section I

Financial

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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. Jon Jarvis, Superintendent and Members of the
Elbert County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

May 25, 2022

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**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

INTRODUCTION

The School District's financial statements for the fiscal year ended June 30, 2021 includes a series of basic financial statements that report financial information for the School District as a whole and its funds. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short term and long-term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's general fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

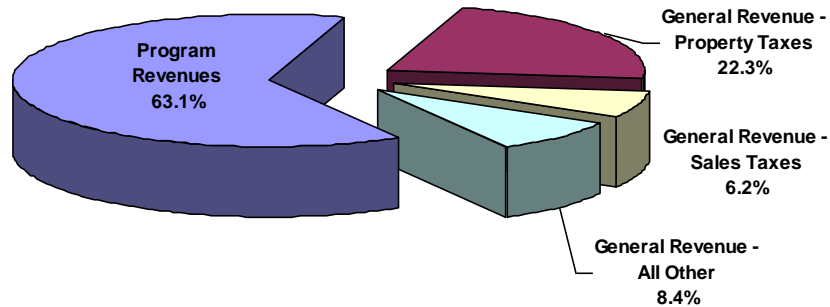
Key financial highlights for fiscal year 2021 are as follows:

On the government-wide financial statements:

- The School District's net position (deficit) at June 30, 2021 was almost (\$15.1) million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position (deficit) at June 30, 2021 of (\$15.1) million represented an increase of about \$2.2 million, without consideration of the restatement, when compared to the prior year. The \$2.2 million increase in net position for fiscal year 2021 was primarily attributable to general fund revenues and other financing sources exceeding the final budget by almost \$3.9 million and a reduction in net position of \$2.4 million caused by recognizing the fiscal year 2021 OPEB and pension activity on the financial statements.
- The School District had almost \$42.7 million in expenses relating to governmental activities; about \$28.2 million of the \$42.7 million in expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$16.5 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$16.5 million or about 36.9% of all revenues totaling \$44.7 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in the table below have been rounded to one decimal place.)

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Source of Revenues



On the fund financial statements:

- Among major funds, the general fund had \$42.6 million in revenues and other financing sources and \$39.2 million in expenditures and other financing uses. The general fund balance of almost \$12.4 million at June 30, 2021 increased roughly \$3.4 million from the prior year, largely due to significant increases in federal revenues as compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. In the case of the Elbert County School District, the general fund and capital projects fund are both considered to be major funds. The School District has no funds reported as nonmajor funds as defined by generally accepted accounting principles.

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.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Government-Wide Statements

Since Elbert County Board of Education has no operations that have been classified as “Business Activities,” the government-wide financial statements are basically a consolidation of all of the School District’s operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The ‘Statement of Net Position’ and the ‘Statement of Activities’ provides the basis for answering this question. These financial statements include all School District’s assets, deferred outflows, liabilities and deferred inflows. These accounts use the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District’s control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

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

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt, including pension and postemployment obligations, as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
 - *Net Investment in capital assets*
 - *Restricted net position* is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
 - *Unrestricted for no specific use*

Fund Financial Statements

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District’s significant or major funds. As discussed previously, the School District has no nonmajor funds as defined by generally accepted accounting principles.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The School District has one kind of fund as discussed below:

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

During fiscal year 2021, the School District implemented GASB Statement No. 84, *Fiduciary Activities*. Based on the criteria outlined in this statement, the School District determined it has no fiduciary funds.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

In the case of the Elbert County Board of Education, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by about \$15.1 million at June 30, 2021. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the (deficit) \$15.1 million of net position, over \$2.9 million was restricted for continuation of various Federal programs and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had almost \$25.8 million (net of related debt) invested in capital assets e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Because of the restrictions on net position as discussed above, the School District had an unrestricted (deficit) of about \$43.8 million at June 30, 2021. The reader should remember this deficit includes pension related charges recorded because of the implementation (fiscal year 2015) of GASB No. 68, *Accounting and Financial Reporting for Pensions and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date on Amendment to GASB No. 68*; and also includes charges recorded because of the implementation (fiscal year 2018) of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District believes it is also meaningful to view the School District's net position in the following manner:

Net position associated with pension obligations	\$	(25,646,846.00)
Net position associated with postemployment benefits other than pension obligations		(30,016,326.00)
Net position exclusive of pension obligations and postemployment benefits		40,587,137.19
Net Position, June 30, 2021 (deficit)	\$	(15,076,034.81)

The above analysis reflects, exclusive of pension obligations and postemployment benefits, the School District's net position is a positive \$40,587,137.19 and management believes the School District's financial position is sound.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Table 1
Net Position**

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020 (1)
Assets		
Current and Other Assets	\$ 16,986,454	\$ 12,695,372
Capital Assets, Net	26,542,797	27,251,574
Total Assets	43,529,251	39,946,946
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	10,009,361	9,439,707
Related to OPEB Plan	6,251,614	2,197,689
Total Deferred Outflows of Resources	16,260,975	11,637,396
Total Assets and Deferred Outflows of Resources	59,790,226	51,584,342
Liabilities		
Current and Other Liabilities	2,320,345	2,261,633
Long-Term Liabilities	621,769	1,751,441
Net Pension Liability	34,691,552	30,982,601
Net OPEB Liability	29,957,268	25,252,885
Total Liabilities	67,590,934	60,248,560
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	964,655	2,135,609
Related to OPEB Plan	6,310,672	6,501,505
Total Deferred Inflows of Resources	7,275,327	8,637,114
Total Liabilities and Deferred Inflows of Resources	74,866,261	68,885,674
Net Position		
Net Investment in Capital Assets	25,785,691	25,662,396
Restricted	2,889,607	1,725,928
Unrestricted (Deficit)	(43,751,333)	(44,689,656)
Total Net Position	\$ (15,076,035)	\$ (17,301,332)

(1) Fiscal year 2020 balances do not reflect the effects of the Restatement of Net Position.
See Note 14 in the Notes to the Basic Financial Statements for additional information.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

In connection with the unrestricted deficit at June 30, 2021 as shown above, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (43,751,333)
Add:	
Unrestricted deficit in net position resulting from recognition of net pension obligations	25,646,846
Unrestricted deficit in net position resulting from recognition of postemployment benefits other than pension obligations	<u>30,016,326</u>
Unrestricted net position, exclusive of the net pension obligation and postemployment benefits effect	<u>\$ 11,911,839</u>

The above analysis shows that the recognition of liabilities for pension obligations and postemployment benefits on the financial statements as required by generally accepted accounting principles has had a severe effect on the School District's unrestricted net position. However, despite these obligations, management believes the School District's financial position is sound.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table 2 below provides a summary of the School District's change in net position as compared to the prior year.

**Table 2
Change in Net Position**

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 204,075	\$ 158,125
Operating Grants and Contributions	27,778,680	24,869,895
Capital Grants and Contributions	231,660	223,355
Total Program Revenues	<u>28,214,415</u>	<u>25,251,375</u>
General Revenues:		
Property Taxes	9,969,019	9,123,947
Sales Taxes	2,754,712	2,313,440
Grants and Contributions not Restricted	2,503,224	2,349,683
Investment Earnings	11,649	12,425
Miscellaneous	1,280,207	490,257
Special Item		
Loss of Disposal of Capital Assets	(15,683)	-
Total General Revenues and Special Item	<u>16,503,128</u>	<u>14,289,752</u>
Total Revenues and Special Item	<u>44,717,543</u>	<u>39,541,127</u>
Program Expenses		
Instruction	27,076,757	23,508,230
Support Services		
Pupil Services	2,051,810	1,696,286
Improvement of Instructional Services	1,541,207	1,480,972
Educational Media Services	488,161	571,039
General Administration	658,307	696,321
School Administration	2,748,040	2,766,817
Business Administration	452,011	440,526
Maintenance and Operation of Plant	2,489,145	2,502,875
Student Transportation Services	2,043,423	1,955,189
Central Support	403,535	451,100
Other Support Services	458,813	326,491
Operations of Non-Instructional Services		
Enterprise Operations	12,355	4,305
Food Services	2,211,673	2,150,149
Interest on Long-Term Debt	40,944	57,029
Total Expenses	<u>42,676,181</u>	<u>38,607,329</u>
Increase in Net Position	<u>\$ 2,041,362</u>	<u>\$ 933,798</u>

(1) Fiscal year 2020 balances do not reflect the effects of the Restatement of Net Position. See Note 13 in the Notes to the Basic Financial Statements for additional information.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Cost of Providing Services

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

**Table 3
Cost of Services**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2021	2020 (1)	2021	2020 (1)
Instruction	\$ 27,076,757	\$ 23,508,230	\$ 7,303,114	\$ 5,595,926
Support Services				
Pupil Services	2,051,810	1,696,286	1,431,835	1,468,078
Improvement of Instructional Services	1,541,207	1,480,972	701,571	765,564
Educational Media Services	488,161	571,039	55,672	138,113
General Administration	658,307	696,321	(28,603)	(165,738)
School Administration	2,748,040	2,766,817	1,644,744	1,679,656
Business Administration	452,011	440,526	425,522	420,210
Maintenance and Operation of Plant	2,489,145	2,502,875	1,418,226	1,359,891
Student Transportation Services	2,043,423	1,955,189	804,109	1,227,676
Central Support Services	403,535	451,100	381,641	432,951
Other Support Services	458,813	326,491	414,983	303,505
Operations of Non-Instructional Services				
Enterprise Operations	12,355	4,305	12,355	4,305
Food Services	2,211,673	2,150,149	(144,348)	68,788
Interest on Long-Term Debt	40,944	57,029	40,944	57,029
Total Expenses	\$ 42,676,181	\$ 38,607,329	\$ 14,461,765	\$ 13,355,954

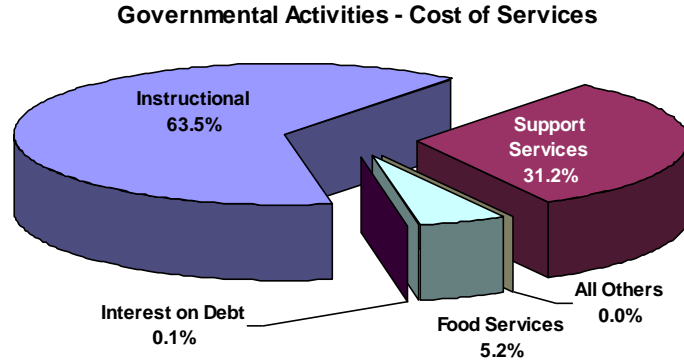
(1) Fiscal year 2020 balances do not reflect the effects of the Restatement of Net Position.

See Note 14 in the Notes to the Basic Financial Statements for additional information.

The overall School District expenses increased almost \$4.1 million from the prior year while the net costs of providing those services increased by about \$1.1 million. The disproportionate increase in total costs of services vs. the net costs of services was primarily the result of expenses rising faster than funding provided from various State and Federal sources.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The chart below shows a functional summary of the expenses made by the School District during fiscal year 2021. The percentages are rounded to one decimal place.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of almost \$45.9 million and total expenditures and other financing uses of roughly \$41.9 million in fiscal year 2021. Total governmental fund balances of \$14.2 million at June 30, 2021, increased about \$4.0 million from the prior year. The increase in fund balance of \$4.0 million was primarily attributable to the fact general fund revenues exceeded expectations by almost \$3.9 million.

General Fund Budget Highlights

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

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

For the general fund, the final actual revenues and other financing sources of \$42.6 million exceeded the final budgeted revenues and other financing uses by \$3.9 million. The primary reason revenues exceeded the budget was property taxes exceeded the final budget by over \$1.3 million, and State funds exceeded the final budgeted amount by \$1.8 million coupled with the fact Federal revenues fell short of the budgeted amount by about \$526,000.00. Additionally, the School District did not budget for the activities of the school principals accounts and those revenues totaled \$971,000.00 during the fiscal year.

The general fund's final actual expenditures and other financing uses of \$39.2 million were less than the final budget by almost \$84,000. This budget under expenditures of just over 2.0% indicates the School District's management did a creditable job on managing its finances during the fiscal year.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2021, the School District had over \$26.5 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; intangible assets; and instructional food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation and amortization, as compared to the prior fiscal year.

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

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2021	2020
Land	\$ 1,497,522	\$ 1,497,522
Construction in Progress	145,263	-
Land Improvements	2,023,464	2,128,075
Buildings and Improvements	20,297,054	21,220,399
Equipment	2,579,494	2,403,336
Intangible Assets	-	2,242
	\$ 26,542,797	\$ 27,251,574
Total	\$ 26,542,797	\$ 27,251,574

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

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-Term Debt

At June 30, 2021, the School District had \$621,769 in total debt outstanding which consisted of balances due on capital leases. The School District had no bond debt at June 30, 2021.

**Table 5
Change in Long-Term Debt**

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2021	2020
Capital Leases	\$ 621,769	\$ 333,749
Energy Efficiency Leases	-	698,960
Revenue Bonds	-	20,422
Installment Sales Agreement	-	698,310
	\$ 621,769	\$ 1,751,441

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

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- The School District is financially stable. The School District's operating millage for fiscal year 2021 was 15.932 per mill, which was a slight decrease from the prior year. This millage rate produced over \$621,000.00 per mill. The School District's student enrollment has remained fairly stable; however, a new primary school will be constructed and grade level re-structuring will happen in the next two years to relieve overcrowding at the elementary school and provide a newer facility for primary.
- The economy has continued to improve from the prior year. The School District's revenues from property taxes increased about 4.7% from the prior year, despite a slight decrease in the millage rate. Additionally, revenues from the Federal government increased by 81.9% from the prior year, primarily in response for providing services associated with Covid 19. Management expects this level of funding to be temporary and not be sustained into the near future. The general fund had an unassigned fund balance of almost \$11.0 million at June 30, 2021, which was an increase of \$2.9 million from the prior year.
- The Board anticipates significant financial challenges going forward due to expected continued higher health insurance and benefit costs for employees. In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

**ELBERT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's 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 Mr. W. Keith Martin, Chief Financial Officer for Elbert County Board of Education, 50 Laurel Drive, Elberton, Georgia, 30635 or by phone at 706-213-4000. You may also email your questions to Mr. Martin at keith.martin@elbert.k12.ga.us.

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Elbert County Board of Education

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ELBERT COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 12,178,633.89
Accounts Receivable, Net	
Taxes	961,518.81
State Government	2,742,731.39
Federal Government	885,497.29
Local	97,020.96
Other	89,979.32
Inventories	31,072.12
Capital Assets, Non-Depreciable	1,642,784.85
Capital Assets, Depreciable (Net of Accumulated Depreciation)	24,900,012.05
Total Assets	43,529,250.68
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	10,009,361.00
Related to OPEB Plan	6,251,614.00
Total Deferred Outflows of Resources	16,260,975.00
 <u>LIABILITIES</u>	
Accounts Payable	119,183.14
Salaries and Benefits Payable	2,065,814.49
Contracts Payable	121,813.60
Retainages Payable	13,533.73
Net Pension Liability	34,691,552.00
Net OPEB Liability	29,957,268.00
Long-Term Liabilities	
Due Within One Year	153,408.54
Due in More Than One Year	468,359.99
Total Liabilities	67,590,933.49
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	964,655.00
Related to OPEB Plan	6,310,672.00
Total Deferred Inflows of Resources	7,275,327.00
 <u>NET POSITION</u>	
Net Investment in Capital Assets	25,785,691.04
Restricted for	
Bus Replacement	154,440.00
Continuation of Federal Programs	746,344.96
Capital Projects	1,988,821.85
Unrestricted (Deficit)	(43,751,332.66)
Total Net Position	\$ (15,076,034.81)

ELBERT COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 27,076,756.39	\$ 94,914.59	\$ 19,678,727.91	\$ -	\$ (7,303,113.89)	
Support Services						
Pupil Services	2,051,809.47	-	619,974.78	-	(1,431,834.69)	
Improvement of Instructional Services	1,541,207.36	-	839,636.01	-	(701,571.35)	
Educational Media Services	488,160.95	-	432,489.00	-	(55,671.95)	
General Administration	658,307.23	-	686,910.15	-	28,602.92	
School Administration	2,748,039.88	-	1,103,296.20	-	(1,644,743.68)	
Business Administration	452,011.31	-	26,489.64	-	(425,521.67)	
Maintenance and Operation of Plant	2,489,145.23	-	1,070,919.25	-	(1,418,225.98)	
Student Transportation Services	2,043,422.95	-	1,007,653.33	231,660.00	(804,109.62)	
Central Support Services	403,535.17	-	21,894.09	-	(381,641.08)	
Other Support Services	458,812.45	-	43,829.11	-	(414,983.34)	
Operations of Non-Instructional Services						
Enterprise Operations	12,355.19	-	-	-	(12,355.19)	
Food Services	2,211,673.24	109,160.78	2,246,860.23	-	144,347.77	
Interest on Long-Term Debt	40,943.74	-	-	-	(40,943.74)	
Total Governmental Activities	\$ 42,676,180.56	\$ 204,075.37	\$ 27,778,679.70	\$ 231,660.00	(14,461,765.49)	
General Revenues						
Taxes						
Property Taxes						
					For Maintenance and Operations	9,969,018.61
Sales Taxes						
					Special Purpose Local Option Sales Tax	
					For Capital Projects	2,568,641.10
					Other Sales Tax	186,070.79
Grants and Contributions not Restricted to Specific Programs					2,503,224.00	
Investment Earnings					11,648.90	
Miscellaneous					1,280,206.93	
Special Item						
					Net Loss on Disposal of Capital Assets	(15,682.75)
Total General Revenues and Special Item					<u>16,503,127.58</u>	
Change in Net Position					2,041,362.09	
Net Position - Beginning of Year (Restated)					<u>(17,117,396.90)</u>	
Net Position - End of Year					<u>\$ (15,076,034.81)</u>	

ELBERT COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

EXHIBIT "C"

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,238,867.56	\$ 1,939,766.33	\$ 12,178,633.89
Accounts Receivable, Net			
Taxes	729,619.66	231,899.15	961,518.81
State Government	2,742,731.39	-	2,742,731.39
Federal Government	885,497.29	-	885,497.29
Local	97,020.96	-	97,020.96
Other	89,979.32	-	89,979.32
Due from Other Funds	153,532.13	-	153,532.13
Inventories	31,072.12	-	31,072.12
	<u>14,968,320.43</u>	<u>2,171,665.48</u>	<u>17,139,985.91</u>
Total Assets	\$ <u>14,968,320.43</u>	\$ <u>2,171,665.48</u>	\$ <u>17,139,985.91</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 89,871.64	\$ 29,311.50	\$ 119,183.14
Salaries and Benefits Payable	2,065,814.49	-	2,065,814.49
Due to Other Funds	-	153,532.13	153,532.13
Contracts Payable	-	121,813.60	121,813.60
Retainages Payable	-	13,533.73	13,533.73
	<u>2,155,686.13</u>	<u>318,190.96</u>	<u>2,473,877.09</u>
Total Liabilities	<u>2,155,686.13</u>	<u>318,190.96</u>	<u>2,473,877.09</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Property Taxes	430,070.03	-	430,070.03
	<u>430,070.03</u>	<u>-</u>	<u>430,070.03</u>
<u>FUND BALANCES</u>			
Nonspendable	31,072.12	-	31,072.12
Restricted	869,712.84	1,853,474.52	2,723,187.36
Assigned	499,217.20	-	499,217.20
Unassigned	10,982,562.11	-	10,982,562.11
	<u>12,382,564.27</u>	<u>1,853,474.52</u>	<u>14,236,038.79</u>
Total Fund Balances	<u>12,382,564.27</u>	<u>1,853,474.52</u>	<u>14,236,038.79</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>14,968,320.43</u>	\$ <u>2,171,665.48</u>	\$ <u>17,139,985.91</u>

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	14,236,038.79
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	\$	1,497,522.00
Construction in progress		145,262.85
Buildings and improvements		35,161,659.17
Equipment		9,497,427.08
Land improvements		2,631,726.43
Intangible assets		306,516.25
Accumulated depreciation		<u>(22,697,316.88)</u>
		26,542,796.90
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(34,691,552.00)
Net OPEB liability		<u>(29,957,268.00)</u>
		(64,648,820.00)
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	\$	9,044,706.00
Related to OPEB		<u>(59,058.00)</u>
		8,985,648.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		430,070.03
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease liability payable		<u>(621,768.53)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>(15,076,034.81)</u></u>

ELBERT COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Property Taxes	\$ 9,895,421.34	\$ -	\$ 9,895,421.34
Sales Taxes	186,070.79	2,568,641.10	2,754,711.89
State Funds	22,582,589.59	-	22,582,589.59
Federal Funds	7,924,660.11	-	7,924,660.11
Charges for Services	204,075.37	-	204,075.37
Investment Earnings	8,863.44	2,785.46	11,648.90
Miscellaneous	1,289,055.43	-	1,289,055.43
Total Revenues	42,090,736.07	2,571,426.56	44,662,162.63
<u>EXPENDITURES</u>			
Current			
Instruction	23,828,073.54	688,537.29	24,516,610.83
Support Services			
Pupil Services	1,684,588.46	-	1,684,588.46
Improvement of Instructional Services	1,444,710.36	-	1,444,710.36
Educational Media Services	436,324.95	-	436,324.95
General Administration	609,087.25	-	609,087.25
School Administration	2,432,697.51	-	2,432,697.51
Business Administration	427,643.31	-	427,643.31
Maintenance and Operation of Plant	2,133,458.53	176,566.04	2,310,024.57
Student Transportation Services	2,070,069.56	42,938.00	2,113,007.56
Central Support Services	373,654.17	-	373,654.17
Other Support Services	288,894.48	123,942.50	412,836.98
Enterprise Operations	12,355.19	-	12,355.19
Food Services Operation	2,135,410.00	-	2,135,410.00
Capital Outlay	462,495.00	145,262.85	607,757.85
Debt Services			
Principal	97,423.71	1,494,743.31	1,592,167.02
Interest	-	40,943.74	40,943.74
Total Expenditures	38,436,886.02	2,712,933.73	41,149,819.75
Revenues over (under) Expenditures	3,653,850.05	(141,507.17)	3,512,342.88
<u>OTHER FINANCING SOURCES (USES)</u>			
Lease Liability Proceeds	462,495.00	-	462,495.00
Transfers In	-	760,529.40	760,529.40
Transfers Out	(760,529.40)	-	(760,529.40)
Total Other Financing Sources (Uses)	(298,034.40)	760,529.40	462,495.00
Net Change in Fund Balances	3,355,815.65	619,022.23	3,974,837.88
Fund Balances - Beginning (Restated)	9,026,748.62	1,234,452.29	10,261,200.91
Fund Balances - Ending	\$ 12,382,564.27	\$ 1,853,474.52	\$ 14,236,038.79

ELBERT 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, 2021

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")	\$	3,974,837.88
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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.</p>		
Capital outlay	\$ 1,011,069.00	
Depreciation expense	<u>(1,695,314.83)</u>	(684,245.83)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.</p>		
		(24,531.25)
<p>Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		73,597.27
<p>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.</p>		
Lease liability proceeds	\$ (462,495.00)	
Financed purchase arrangement payments	698,960.00	
Installment sale agreement payments	698,309.63	
Lease liability payments	174,475.43	
Revenue bond payments	<u>20,421.96</u>	1,129,672.02
<p>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.</p>		
Pension expense	\$ (1,968,343.00)	
OPEB expense	<u>(459,625.00)</u>	<u>(2,427,968.00)</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>2,041,362.09</u></u>

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Elbert 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.

ELBERT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

EXHIBIT "G"

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

Basis of Accounting

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded

when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

New Accounting Pronouncements

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

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

Cash and Cash Equivalents

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

Receivables

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

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

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 and amortization 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 fund statements are as follows:

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000.00	20 years
Buildings and Improvements	\$ 5,000.00	up to 50 years
Equipment	\$ 5,000.00	2 to 25 years
Intangible Assets	\$ 5,000.00	3 to 6 years

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities

In the School District's government-wide financial statements, outstanding debt is reported as liabilities.

In the governmental fund financial statements, the School District recognizes the proceeds of debt as other financing sources of the current period.

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.

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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 Elbert County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on September 16, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on December 17, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Elbert County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations amounted to \$9,895,421.34.

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

School Operations	<u>15.932</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, which are included in the property tax revenue as shown above, amounted to \$1,027,551.88 during fiscal year ended June 30, 2021.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$2,568,641.10 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The most recent authorization expires June 30, 2027.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general fund. 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 and various other minor programs, is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget.

The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during fiscal year 2021.

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,

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, School District had deposits with a carrying amount of \$12,178,633.89, and a bank balance of \$13,296,040.07. The bank balances insured by Federal depository insurance were \$667,329.70 and the remaining bank balances of \$ 12,628,710.37 were in the State's Secure Deposit Program.

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 1,497,522.00	\$ -	\$ -	\$ 1,497,522.00
Construction in Progress	-	145,262.85	-	145,262.85
Total Capital Assets				
Not Being Depreciated	1,497,522.00	145,262.85	-	1,642,784.85
Capital Assets				
Being Depreciated and Amortized				
Buildings and Improvements	35,098,241.17	63,418.00	-	35,161,659.17
Equipment	9,161,296.33	779,944.40	443,813.65	9,497,427.08
Land Improvements	2,609,282.68	22,443.75	-	2,631,726.43
Intangible Assets	306,516.25	-	-	306,516.25
Less Accumulated Depreciation				
and Amortization:				
Buildings and Improvements	13,877,842.33	986,763.26	-	14,864,605.59
Equipment	6,757,959.89	579,255.24	419,282.40	6,917,932.73
Land Improvements	481,207.75	127,054.56	-	608,262.31
Intangible Assets	304,274.48	2,241.77	-	306,516.25
Total Capital Assets,				
Being Depreciated and Amortized, Net	25,754,051.98	(829,508.68)	24,531.25	24,900,012.05
Governmental Activities				
Capital Assets - Net	\$ 27,251,573.98	\$ (684,245.83)	\$ 24,531.25	\$ 26,542,796.90

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

Instruction		\$ 973,582.56
Support Services		
Pupil Services	\$ 301,510.76	
General Administration	2,342.98	
School Administration	74,751.37	
Maintenance and Operation of Plant	165,012.66	
Student Transportation Services	109,709.79	
Other Support Services	45,975.47	699,303.03
Food Services		<u>22,429.24</u>
		<u>\$ 1,695,314.83</u>

NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

Interfund Assets and Liabilities

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2021, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 153,532.13	\$ -
Capital Projects Fund	-	153,532.13
	<u>\$ 153,532.13</u>	<u>\$ 153,532.13</u>

The capital projects fund owed the general fund for expenditures made on construction projects that were paid out of the general fund.

Interfund Transfers

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

	Transfers From General Fund
Transfers to	
Capital Projects Fund	\$ <u>760,529.40</u>

Transfers are used to move property tax revenues collected by the general fund to capital projects fund as required match or supplemental funding source for capital construction projects.

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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, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Revenue Bonds	\$ 20,421.96	\$ -	\$ 20,421.96	\$ -	\$ -
Installment Sales Agreement	698,309.63	-	698,309.63	-	-
Capital Leases	333,748.96	462,495.00	174,475.43	621,768.53	153,408.54
Energy Efficient Lease	698,960.00	-	698,960.00	-	-
	\$ 1,751,440.55	\$ 462,495.00	\$ 1,592,167.02	\$ 621,768.53	\$ 153,408.54

Capital Leases

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

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

	Governmental Activities
Equipment	\$ 801,208.12
Less: Accumulated Depreciation	147,419.38
	\$ 653,788.74

During fiscal year 2021, the School District entered into a new lease agreement as lessee for financing the acquisition of school buses at a cost of \$462,495.00. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Capital leases currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Leaf Copier Lease	0.00%	10/17/2018	6/17/2021	\$ 6,360.00	\$ 198.75
Leaf Copier Lease	0.00%	4/29/2019	6/17/2022	12,748.32	4,128.77
Leaf Copier Lease	2.25%	3/17/2020	3/20/2025	338,713.12	252,419.69
School Buses	2.69%	8/1/2020	8/1/2024	462,495.00	365,021.32
				\$ 820,316.44	\$ 621,768.53

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The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2022	\$ 153,408.54	\$ 14,930.61
2023	158,102.50	11,059.18
2024	162,071.75	7,089.93
2025	148,185.74	3,053.95
Total Principal and Interest	\$ 621,768.53	\$ 36,133.67

NOTE 8: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters.

Georgia School Boards Association Risk Management Fund

The School District participates in the Georgia School Boards Association Risk Management Fund (the Fund), a public entity risk pool organized on August 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, errors and omissions liability, cyber risk and property damage, including safety engineering and other loss prevention and control techniques, and to administer the Fund including the processing and defense of claims brought against members of the Fund . The School District pays an annual contribution to the Fund for coverage. Reinsurance is provided to the Fund through agreements by the Fund with insurance companies according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability, errors and omissions, crime, cyber risk and automobile risks. Reinsurance limits and retentions vary by line of coverage.

Workers' Compensation

Georgia School Boards Association Workers' Compensation Fund

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

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and the related liability reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has paid no unemployment compensation claims for the past two fiscal years.

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NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable			
Inventories		\$	31,072.12
Restricted			
Bus Replacement	\$ 154,440.00		
Continuation of Federal Programs	715,272.84		
Capital Projects	1,853,474.52		2,723,187.36
Assigned			
School Activity Accounts	\$ 490,864.16		
Other Local Projects	8,353.04		499,217.20
Unassigned			10,982,562.11
Fund Balance, June 30, 2021		\$	14,236,038.79

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 COMMITMENTS

Commitments Under Construction Contracts

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

Project	Unearned Executed Contracts (1)	Expenditures through June 30, 2021
ECCHS Renovation Project	\$ 164,293.67	\$ 135,347.33

(1) The amounts described are not reflected in the basic financial statements.

NOTE 11: 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 12: 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 \$748,412.00 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2021, the School District reported a liability of \$29,957,268.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the School District's proportion was 0.203962%, which was a decrease of 0.001812% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the School District recognized OPEB expense of \$1,208,037.00. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,270,404.00
Changes of assumptions	4,954,267.00	2,665,552.00
Net difference between projected and actual earnings on OPEB plan investments	78,080.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	470,855.00	374,716.00
School District contributions subsequent to the measurement date	748,412.00	-
Total	\$ 6,251,614.00	\$ 6,310,672.00

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

Year Ended June 30:	OPEB
2022	\$ (577,354.00)
2023	\$ (579,449.00)
2024	\$ (406,449.00)
2025	\$ 100,845.00
2026	\$ 487,729.00
2027	\$ 167,208.00

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

OPEB:

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

Mortality rates were based on the mortality tables, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirements. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.

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

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

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

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

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

*Net of Inflation

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

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

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
School District's proportionate share of the Net OPEB liability	\$ 35,194,847.00	\$ 29,957,268.00	\$ 25,768,667.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's Proportionate share of the Net OPEB liability	\$ 24,942,437.00	\$ 29,957,268.00	\$ 36,450,017.00

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 13: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were \$3,536,336.00 from the School District.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution by the State of Georgia was \$63,207.00.

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

At June 30, 2021, the School District reported a liability of (amount) for its proportionate share of the net pension liability for TRS of \$34,691,552.00.

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

At June 30, 2020, the School District's TRS proportion was 0.143212%, which was a decrease of 0.000875% from its proportion measured as of June 30, 2019.

At June 30, 2021, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the PSERS net pension liability associated with the School District is \$345,473.00.

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

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

For the year ended June 30, 2021, the School District recognized pension expense of \$5,504,677.00 for TRS and \$69,521.00 for PSERS and revenue of \$69,521.00 for PSERS. The revenue is support provided by the State of Georgia.

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,510,828.00	\$ -
Changes of assumptions	3,573,270.00	-
Net difference between projected and actual earnings on pension plan investments	835,552.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	553,375.00	964,655.00
School District contributions subsequent to the measurement date	3,536,336.00	-
Total	\$ 10,009,361.00	\$ 964,655.00

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

Year Ended June 30:	TRS
2022	\$ 1,090,228.00
2023	\$ 1,917,411.00
2024	\$ 1,727,686.00
2025	\$ 773,045.00

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

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

Teachers Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

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

<u>Asset class</u>	<u>TRS Target allocation</u>	<u>PSERS Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	30.00%	(0.10)%
Domestic large stocks	51.00%	46.20%	8.90%
Domestic small stocks	1.50%	1.30%	13.20%
International developed market stocks	12.40%	12.40%	8.90%
International emerging market stocks	5.10%	5.10%	10.90%
Alternative	-	5.00%	12.00%
Total	<u>100.00%</u>	<u>100.00%</u>	

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

Discount rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

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

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 55,012,520.00	\$ 34,691,552.00	\$ 18,034,184.00

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

Defined Contribution Plan

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

The School District has selected Lincoln Financial Services as the provider of this plan. For each employee covered under PSERS, the Board contributes an amount equal to 3% of the employee's base pay. The employee becomes vested in the plan from the enrollment date. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment.

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

Fiscal Year	Percentage Contributed	Required Contribution
2021	100%	\$ 10,947.00
2020	100%	\$ 11,286.00
2019	100%	\$ 13,583.00

ELBERT COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

EXHIBIT "G"

NOTE 14: RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

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

Net Position, July 1, 2020 as previously reported	\$	(17,301,332.34)
Prior Period Adjustment - Implementation of GASB No. 84:		
Private Purpose Trust Fund Account Reclassification		44,547.53
Custodial Funds Account Reclassification		139,387.91
		139,387.91
Net Position, July 1, 2020, as restated	\$	(17,117,396.90)
Fund Balance (General Fund), July 1, 2020, as previously reported	\$	8,842,813.18
Prior Period Adjustment - Implementation of GASB No. 84:		
Private Purpose Trust Fund Account Reclassification		44,547.53
Custodial Funds Account Reclassification		139,387.91
		139,387.91
Fund Balance (General Fund), July 1, 2020, as restated	\$	9,026,748.62
Net Position (Fiduciary Funds), July 1, 2020 as previously reported	\$	44,547.53
Prior Period Adjustment - Implementation of GASB No. 84:		
Private Purpose Trust Funds Beginning Net Position		(44,547.53)
		(44,547.53)
Net Position (Fiduciary Funds), July 1, 2020, as restated	\$	-

Funds Held for Others of \$139,387.91, previously presented in Fiduciary Funds, was reclassified to Net Position and Fund Balance (General Fund).

NOTE 15: SUBSEQUENT EVENTS

During the current fiscal year, voters authorized the School District to issue general obligation bonds in the amount of \$10,000,000.00 and continue the Special Option Sales tax through June 30, 2027 to raise not more than \$12,000,000.00 for the purpose of renovating, repairing, improving, and equipping school facilities throughout the School District. On December 16, 2021, \$10,000,000.00 in general obligation bonds were issued.

NOTE 16: SPECIAL ITEM

During fiscal year 2021, the School District sold or otherwise disposed of certain capital assets. These items were removed from the capital assets records at their net carrying values and combined with the proceeds received resulted in a net loss of \$15,682.75. This amount is reflected as a net loss on disposal of capital assets and is reported as a special item on Exhibit B of this report.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.143212%	\$ 34,691,552.00	\$ -	\$ 34,691,552.00	\$ 18,464,037.77	187.89%	77.01%
2020	0.144087%	\$ 30,982,601.00	\$ -	\$ 30,982,601.00	\$ 17,549,418.52	176.54%	78.56%
2019	0.150555%	\$ 27,946,233.00	\$ -	\$ 27,946,233.00	\$ 17,943,982.57	155.74%	80.27%
2018	0.142965%	\$ 26,568,441.00	\$ -	\$ 26,568,441.00	\$ 16,431,083.38	161.70%	79.33%
2017	0.146132%	\$ 30,148,661.00	\$ -	\$ 30,148,661.00	\$ 16,034,314.13	188.03%	76.06%
2016	0.151458%	\$ 23,057,977.00	\$ -	\$ 23,057,977.00	\$ 16,023,377.62	143.90%	81.44%
2015	0.158677%	\$ 20,046,746.00	\$ -	\$ 20,046,746.00	\$ 16,202,581.03	123.73%	84.03%

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

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 3,536,336.00	\$ -	\$ 3,536,336.00	\$ 18,553,704.46	19.06%
2020	\$ 3,903,298.00	\$ -	\$ 3,903,298.00	\$ 18,464,037.77	21.14%
2019	\$ 3,667,282.47	\$ -	\$ 3,667,282.47	\$ 17,549,418.52	20.90%
2018	\$ 3,016,383.47	\$ -	\$ 3,016,383.47	\$ 17,943,982.57	16.81%
2017	\$ 2,344,715.60	\$ -	\$ 2,344,715.60	\$ 16,431,083.38	14.27%
2016	\$ 2,288,096.62	\$ -	\$ 2,288,096.62	\$ 16,034,314.13	14.27%
2015	\$ 2,106,396.50	\$ -	\$ 2,106,396.50	\$ 16,023,377.62	13.15%
2014	\$ 1,989,676.95	\$ -	\$ 1,989,676.95	\$ 16,202,581.03	12.28%
2013	\$ 1,839,965.90	\$ -	\$ 1,839,965.90	\$ 16,125,906.22	11.41%
2012	\$ 1,773,669.56	\$ -	\$ 1,773,669.56	\$ 17,253,594.96	10.28%

ELBERT COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE "3"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00%	\$ -	\$ 345,473.00	\$ 345,473.00	\$ 805,734.41	N/A	84.45%
2020	0.00%	\$ -	\$ 353,129.00	\$ 353,129.00	\$ 809,074.92	N/A	85.02%
2019	0.00%	\$ -	\$ 330,043.00	\$ 330,043.00	\$ 845,484.37	N/A	85.26%
2018	0.00%	\$ -	\$ 298,154.00	\$ 298,154.00	\$ 852,404.01	N/A	85.69%
2017	0.00%	\$ -	\$ 378,484.00	\$ 378,484.00	\$ 794,053.46	N/A	81.00%
2016	0.00%	\$ -	\$ 249,672.00	\$ 249,672.00	\$ 773,148.31	N/A	87.00%
2015	0.00%	\$ -	\$ 224,650.00	\$ 224,650.00	\$ 717,174.57	N/A	88.29%

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

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered- employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.203962%	\$ 29,957,268.00	\$ -	\$ 29,957,268.00	\$ 17,114,840.48	175.04%	3.99%
2020	0.205774%	\$ 25,252,885.00	\$ -	\$ 25,252,885.00	\$ 16,227,984.46	155.61%	4.63%
2019	0.201274%	\$ 25,581,307.00	\$ -	\$ 25,581,307.00	\$ 16,850,692.05	151.81%	2.93%
2018	0.202548%	\$ 28,457,913.00	\$ -	\$ 28,457,913.00	\$ 15,389,820.86	184.91%	1.61%

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

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2021	\$ 748,412.00	\$ 748,412.00	\$ -	\$ 17,927,791.04	4.17%
2020	\$ 689,753.00	\$ 689,753.00	\$ -	\$ 17,114,840.48	4.03%
2019	\$ 1,108,237.00	\$ 1,108,237.00	\$ -	\$ 16,227,984.46	6.83%
2018	\$ 1,043,181.00	\$ 1,043,181.00	\$ -	\$ 16,850,692.05	6.19%
2017	\$ 1,056,097.00	\$ 1,056,097.00	\$ -	\$ 15,389,820.88	6.86%

Teachers Retirement System

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

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

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

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

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

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

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

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 8,546,095.00	\$ 8,546,095.00	\$ 9,895,421.34	\$ 1,349,326.34
Sales Taxes	-	-	186,070.79	186,070.79
State Funds	20,747,449.29	20,747,449.29	22,582,589.59	1,835,140.30
Federal Funds	6,148,458.00	8,451,145.03	7,924,660.11	(526,484.92)
Charges for Services	190,150.00	190,150.00	204,075.37	13,925.37
Investment Earnings	5,300.00	5,300.00	8,863.44	3,563.44
Miscellaneous	299,300.00	299,300.00	1,289,055.43	989,755.43
Total Revenues	<u>35,936,752.29</u>	<u>38,239,439.32</u>	<u>42,090,736.07</u>	<u>3,851,296.75</u>
EXPENDITURES				
Current				
Instruction	22,775,083.50	24,408,151.79	23,828,073.54	580,078.25
Support Services				
Pupil Services	1,658,310.17	1,731,866.21	1,684,588.46	47,277.75
Improvement of Instructional Services	1,566,700.10	1,554,999.53	1,444,710.36	110,289.17
Educational Media Services	446,952.79	451,736.89	436,324.95	15,411.94
General Administration	687,951.45	687,329.89	609,087.25	78,242.64
School Administration	2,596,450.28	2,629,948.49	2,432,697.51	197,250.98
Business Administration	481,748.41	486,092.59	427,643.31	58,449.28
Maintenance and Operation of Plant	2,116,120.43	2,301,864.18	2,133,458.53	168,405.65
Student Transportation Services	1,962,227.39	2,268,441.39	2,070,069.56	198,371.83
Central Support Services	366,116.54	368,818.54	373,654.17	(4,835.63)
Other Support Services	285,043.80	319,336.63	288,894.48	30,442.15
Enterprise Operations	-	-	12,355.19	(12,355.19)
Food Services Operation	1,928,696.55	1,983,189.74	2,135,410.00	(152,220.26)
Capital Outlay	-	-	462,495.00	(462,495.00)
Debt Service	90,000.00	90,000.00	97,423.71	(7,423.71)
Total Expenditures	<u>36,961,401.41</u>	<u>39,281,775.87</u>	<u>38,436,886.02</u>	<u>844,889.85</u>
Excess of Revenues over (under) Expenditures	<u>(1,024,649.12)</u>	<u>(1,042,336.55)</u>	<u>3,653,850.05</u>	<u>4,696,186.60</u>
OTHER FINANCING SOURCES(USES)				
Other Sources	425,000.00	425,000.00	462,495.00	37,495.00
Other Uses	-	-	(760,529.40)	(760,529.40)
Total Other Financing Sources (Uses)	<u>425,000.00</u>	<u>425,000.00</u>	<u>(298,034.40)</u>	<u>(723,034.40)</u>
Net Change in Fund Balances	(599,649.12)	(617,336.55)	3,355,815.65	3,973,152.20
Fund Balances - Beginning (Restated)	9,068,815.37	9,068,815.37	9,026,748.62	(42,066.75)
Adjustments	173,460.00	117,159.16	-	(117,159.16)
Fund Balances - Ending	<u>\$ 8,642,626.25</u>	<u>\$ 8,568,637.98</u>	<u>\$ 12,382,564.27</u>	<u>\$ 3,813,926.29</u>

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 certain programs that are reported as part of the general fund. The actual revenues and expenditures of those programs are as follows:

	Revenues	Expenditures
School Principals Accounts	\$ 970,811.95	\$ 888,948.33
Various other Local Programs	5,737.82	31,286.32
	<u>\$ 976,549.77</u>	<u>\$ 920,234.65</u>

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.

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

SCHEDULE "8"

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	215GA324N199	\$ 596,721.68
National School Lunch Program	10.555	215GA324N199	1,406,180.99
Total Child Nutrition Cluster			<u>2,002,902.67</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	205GA904N2533	1,916.02
Total U. S. Department of Agriculture			<u>2,004,818.69</u>
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	2,540,544.30
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	65,994.11
Total Education Stabilization Fund			<u>2,606,538.41</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	157,548.00
Grants to States	84.027A	H027A200073	567,750.10
Preschool Grants	84.173A	H173A200081	26,914.00
Total Special Education Cluster			<u>752,212.10</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	36,778.70
Comprehensive Literacy Development	84.371C	S371C1900016-19A	546,584.38
English Language Acquisition State Grants	84.365A	S365A200010	11,652.96
Rural Education	84.358B	S365B190010	8,988.00
Rural Education	84.358B	S365B200010	51,169.12
Student Support and Academic Enrichment Program	84.424A	S424A200011	106,231.82
Supporting Effective Instruction State Grants	84.367A	S367A190001	28,048.00
Supporting Effective Instruction State Grants	84.367A	S367A200001	104,029.70
Title I Grants to Local Educational Agencies	84.010A	S010A190010	74,081.00
Title I Grants to Local Educational Agencies	84.010A	S010A200010	1,044,795.14
Total Other Programs			<u>2,012,358.82</u>
Total U. S. Department of Education			<u>5,371,109.33</u>
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	2100GACCC5	\$ 16,232.00
Other Programs			
Pass-Through From Y.M.C.A.			
Head Start	93.600	04CH010232	329,960.32
Total U. S. Department of Health and Human Services			<u>346,192.32</u>

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

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Defense, U. S. Department of Direct Department of the Army R.O.T.C. Program	12. UNKNOWN		90,863.61
Total Expenditures of Federal Awards			\$ 7,812,983.95

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 Elbert County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Donated Personal Protective Equipment

In response to the COVID-19 pandemic, the federal government donated personal protective equipment (PPE) to Georgia Emergency Management and Homeland Security Agency (GEMA/HS). GEMA/HS, then, donated PPE with an estimated fair market value of \$2,790.00 to the Elbert County Board of Education. This amount is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit. Therefore, this amount is unaudited.

ELBERT COUNTY BOARD OF EDUCATION
 SCHEDULE OF STATE REVENUE
 YEAR ENDED JUNE 30, 2021

SCHEDULE "9"

<u>AGENCY/FUNDING</u>	GOVERNMENTAL FUND TYPE
GRANTS	GENERAL FUND
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 893,980.40
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	781,812.00
Kindergarten Program - Early Intervention Program	552,669.00
Primary Grades (1-3) Program	1,452,045.00
Primary Grades - Early Intervention (1-3) Program	1,671,343.00
Upper Elementary Grades (4-5) Program	724,908.00
Upper Elementary Grades - Early Intervention (4-5) Program	927,791.00
Middle School (6-8) Program	2,530,642.00
High School General Education (9-12) Program	1,629,548.00
Vocational Laboratory (9-12) Program	850,275.00
Students with Disabilities	3,739,811.00
Gifted Student - Category VI	564,160.00
Remedial Education Program	109,402.00
Alternative Education Program	163,394.00
English Speakers of Other Languages (ESOL)	146,272.00
Media Center Program	377,126.00
20 Days Additional Instruction	114,335.00
Staff and Professional Development	71,730.00
Principal Staff and Professional Development	1,471.00
Indirect Cost	
Central Administration	568,273.00
School Administration	834,686.00
Facility Maintenance and Operations	775,084.00
Amended Formula Adjustment	(604,760.00)
Categorical Grants	
Pupil Transportation	
Regular	592,562.00
Bus Replacement	154,440.00
Nursing Services	61,255.00
Sparsity	13,649.00
Education Equalization Funding Grant	2,503,224.00
Other State Programs	
Career Technical and Agricultural Education (CTAE)	49,370.00
Food Services	54,172.00
Math and Science Supplements	19,109.00
Preschool Disability Services	81,264.97
Pupil Transportation - State Bonds	77,220.00
Georgia Emergency Management Agency	
Donations to LEA for COVID	37,119.22
Office of the State Treasurer	
Public School Employees Retirement	63,207.00
	\$ 22,582,589.59

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

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
(1) Renovating, modernizing, equipping, repairing, improving, planning, and acquiring other system facilities to include elementary, middle, high, athletic and operational facilities;	\$ 6,747,219.00	\$ 6,303,062.69	6/30/2022
(2) Purchasing textbooks and software;	725,000.00	594,816.62	6/30/2022
(3) Purchasing, acquiring and improving school buses, vehicles, and improvements to parking facilities;	805,000.00	641,095.50	6/30/2022
(4) Purchasing, upgrading and supporting existing and future technology initiatives to include but not be limited to computers, computer peripheral devices, infrastructure, security, and end user devices;	3,400,000.00	1,407,460.84	6/30/2022
(5) Purchasing, upgrading, renovating, improving, planning, and modernizing HVAC and associated systems;	2,616,219.00	1,512,983.15	6/30/2022
(6) Acquiring and preparing land for the construction of new or replacement facilities and the expansion of existing School District facilities as well as replacing, purchasing, upgrading or supplementing capital equipment.	<u>125,000.00</u>	<u>181,672.00</u>	6/30/2022
Total	<u>\$ 14,418,438.00</u>	<u>\$ 10,641,090.80</u>	

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

SCHEDULE "10"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
(1) Renovating, modernizing, equipping, repairing, improving, planning, and acquiring other system facilities to include elementary, middle, high, athletic and operational facilities;	\$ 379,495.50	\$ 2,827,983.28	\$ -	\$ -
(2) Purchasing textbooks and software;	239,055.37	226,935.27	-	-
(3) Purchasing, acquiring and improving school buses, vehicles, and improvements to parking facilities;	136,312.67	307,483.75	-	-
(4) Purchasing, upgrading and supporting existing and future technology initiatives to include but not be limited to computers, computer peripheral devices, infrastructure, security, and end user devices;	269,531.94	840,131.87	-	-
(5) Purchasing, upgrading, renovating, improving, planning, and modernizing HVAC and associated systems;	225,000.00	1,287,983.15	-	-
(6) Acquiring and preparing land for the construction of new or replacement facilities and the expansion of existing School District facilities as well as replacing, purchasing, upgrading or supplementing capital equipment.	-	157,317.26	-	-
Total	\$ 1,249,395.48	\$ 5,647,834.58	\$ -	\$ -

- (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 Elbert 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	\$ 244,317.53
Current Year	<u>27,683.97</u>
Total	\$ <u>272,001.50</u>

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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. Jon Jarvis, Superintendent and Members of the
Elbert County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Elbert County Board of Education (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated May 25, 2022. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

May 25, 2022

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DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Jon Jarvis, Superintendent and Members of the
Elbert County Board of Education

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

May 25, 2022

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported

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

All major programs	Unmodified
--------------------	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
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Auditee qualified as low-risk auditee?	Yes
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II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.