

HARRIS COUNTY BOARD OF EDUCATION



ANNUAL FINANCIAL REPORT

**HAMILTON, GEORGIA
FOR THE FISCAL YEAR
ENDING JUNE 30, 2021**

INCLUDING INDEPENDENT AUDITOR'S REPORT

Harris County Board of Education

Table of Contents

Section I

Financial

Independent Auditor's Report

Exhibits

Basic Financial Statements

Government-Wide Financial Statements

A	Statement of Net Position	1
B	Statement of Activities	2

Fund Financial Statements

C	Balance Sheet	
	Governmental Funds	3
D	Reconciliation of the Governmental Funds Balance Sheet	
	to the Statement of Net Position	4
E	Statement of Revenues, Expenditures and Changes in Fund	
	Balances	
	Governmental Funds	5
F	Reconciliation of the Governmental Funds Statement of	
	Revenues, Expenditures and Changes in Fund Balances	
	to the Statement of Activities	6
G	Statement of Fiduciary Net Position	
	Fiduciary Funds	7
H	Statement of Changes in Fiduciary Net Position	
	Fiduciary Funds	8
I	Notes to the Basic Financial Statements	9

Schedules

Required Supplementary Information

1	Schedule of Proportionate Share of the Net Pension Liability	
	Teachers Retirement System of Georgia	41
2	Schedule of Contributions – Teachers Retirement System of Georgia	42
3	Schedule of Proportionate Share of the Net Pension Liability Public	
	School Employees Retirement System of Georgia	43
4	Schedule of Proportionate Share of the Net OPEB Liability	
	School OPEB Fund	44

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Harris County Board of Education

Table of Contents

Section I

Schedules

Required Supplementary Information

5	Schedule of Contributions – School OPEB Fund	45
6	Notes to the Required Supplementary Information	46
7	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	47

Supplementary Information

8	Schedule of Expenditures of Federal Awards	48
9	Schedule of State Revenue	50
10	Schedule of Approved Local Option Sales Tax Projects	52

Section II

Compliance and Internal Control Reports

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*

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

Summary Schedule of Prior Year Findings

Section IV

Findings and Questioned Costs

Schedule of Findings and Questioned Costs

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Harris County Board of Education

Table of Contents

Section V

Management's Corrective Action For Current Year Findings

Schedule of Management's Corrective Action

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Section I

Financial

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DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Robert Couch, Superintendent and Members of the
Harris County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the 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*

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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 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 January 27, 2023 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

January 27, 2023

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Harris County Board of Education

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 32,008,127
Accounts Receivable, Net	
Taxes	1,025,346
State Government	3,926,071
Federal Government	711,293
Other	31,375
Inventories	99,607
Prepaid Items	239,833
Capital Assets, Non-Depreciable	31,107,289
Capital Assets, Depreciable (Net of Accumulated Depreciation)	48,245,618
Total Assets	<u>117,394,559</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	16,159,354
Related to OPEB Plan	9,198,359
Total Deferred Outflows of Resources	<u>25,357,713</u>
<u>LIABILITIES</u>	
Accounts Payable	364,060
Salaries and Benefits Payable	6,530,979
Payroll Withholdings Payable	39,767
Interest Payable	300,377
Contracts Payable	787,560
Retainages Payable	1,369,945
Deposits and Unearned Revenues	39,745
Net Pension Liability	57,737,699
Net OPEB Liability	44,775,953
Long-Term Liabilities	
Bonds Payable, Due Within One Year	249,662
Bonds Payable, Due in More Than One Year	27,156,709
Financed purchases, Due Within One Year	405,795
Financed purchases, Due in More Than One Year	2,956,130
Total Liabilities	<u>142,714,381</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	25,584
Related to OPEB Plan	9,895,566
Total Deferred Inflows of Resources	<u>9,921,150</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	49,281,986
Restricted for	
Bus Replacement	308,880
Continuation of Federal Programs	680,616
Debt Service	942,166
Capital Projects	10,163,753
Unrestricted (Deficit)	<u>(71,260,660)</u>
Total Net Position	<u>\$ (9,883,259)</u>

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

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

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES)	
		CHARGES FOR	OPERATING	CAPITAL	REVENUES	
	EXPENSES	SERVICES	GRANTS AND	GRANTS AND	AND CHANGES IN	
			CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION	
<u>GOVERNMENTAL ACTIVITIES</u>						
Instruction	\$ 42,629,069	\$ 189,633	\$ 25,195,234	\$ 7,662,457	\$ (9,581,745)	
Support Services						
Pupil Services	3,281,019	-	682,133	-	(2,598,886)	
Improvement of Instructional Services	1,401,133	-	366,137	-	(1,034,996)	
Educational Media Services	1,050,625	-	764,672	124,474	(161,479)	
General Administration	921,619	-	1,061,776	4,321	144,478	
School Administration	4,123,342	-	1,553,504	148,604	(2,421,234)	
Business Administration	1,213,953	-	8,717	-	(1,205,236)	
Maintenance and Operation of Plant	4,315,054	-	2,204,524	123,248	(1,987,282)	
Student Transportation Services	4,881,042	-	433,661	772,200	(3,675,181)	
Central Support Services	840,962	-	10,999	-	(829,963)	
Other Support Services	496,701	-	53,297	-	(443,404)	
Operations of Non-Instructional Services						
Enterprise Operations	308,793	-	-	-	(308,793)	
Community Services	383,147	405,178	4,080	-	26,111	
Food Services	2,184,549	151,475	2,338,464	424,746	730,136	
Interest on Long-Term Debt	701,246	-	-	-	(701,246)	
Total Governmental Activities	<u>\$ 68,732,254</u>	<u>\$ 746,286</u>	<u>\$ 34,677,198</u>	<u>\$ 9,260,051</u>	<u>(24,048,719)</u>	
General Revenues						
Taxes						
Property Taxes						
For Maintenance and Operations						25,802,299
For Debt Services						1,344,697
Railroad Cars						47,615
Sales Taxes						
Special Purpose Local Option Sales Tax						
For Capital Projects						3,637,141
Other Sales Tax						1,301,931
Investment Earnings						2,402
Miscellaneous						1,384,076
Special Item						
Loss on Asset						(8,257)
Total General Revenues and Special Item						<u>33,511,904</u>
Change in Net Position						9,463,185
Net Position - Beginning of Year (Restated)						<u>(19,346,444)</u>
Net Position - End of Year						\$ (9,883,259)

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 18,034,112	\$ 12,745,071	\$ 1,228,944	\$ 32,008,127
Accounts Receivable, Net				
Taxes	679,331	332,416	13,599	1,025,346
State Government	3,926,071	-	-	3,926,071
Federal Government	711,293	-	-	711,293
Other	31,375	-	-	31,375
Inventories	99,607	-	-	99,607
Prepaid Items	239,833	-	-	239,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 23,721,622	\$ 13,077,487	\$ 1,242,543	\$ 38,041,652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 305,206	\$ 58,854	\$ -	\$ 364,060
Salaries and Benefits Payable	6,530,979	-	-	6,530,979
Payroll Withholdings Payable	39,767	-	-	39,767
Contracts Payable	-	787,560	-	787,560
Retainages Payable	-	1,369,945	-	1,369,945
Deposits and Unearned Revenues	39,745	-	-	39,745
Total Liabilities	6,915,697	2,216,359	-	9,132,056
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	138,182	-	8,321	146,503
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>FUND BALANCES</u>				
Nonspendable	339,440	-	-	339,440
Restricted	889,889	10,861,128	1,234,222	12,985,239
Assigned	1,332,321	-	-	1,332,321
Unassigned	14,106,093	-	-	14,106,093
Total Fund Balances	16,667,743	10,861,128	1,234,222	28,763,093
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23,721,622	\$ 13,077,487	\$ 1,242,543	\$ 38,041,652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HARRIS 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")	\$	28,763,093
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	\$	2,315,664
Construction in progress		28,791,625
Buildings and improvements		73,225,322
Equipment		12,930,798
Land improvements		4,883,482
Accumulated depreciation		(42,793,984)
		<u>79,352,907</u>
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(57,737,699)
Net OPEB liability		(44,775,953)
		<u>(102,513,652)</u>
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	\$	16,133,770
Related to OPEB		(697,207)
		<u>15,436,563</u>
Taxes that are not available to pay for current period expenditures are deferred in the funds.		146,503
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(23,495,000)
Accrued interest payable		(300,377)
Financed purchase arrangement payable		(3,361,925)
Unamortized bond premiums		(3,911,371)
		<u>(31,068,673)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>(9,883,259)</u></u>

HARRIS 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	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 25,828,023	\$ -	\$ 1,336,377	\$ 27,164,400
Sales Taxes	1,301,908	3,637,141	23	4,939,072
State Funds	29,458,645	8,487,851	-	37,946,496
Federal Funds	6,066,330	-	-	6,066,330
Charges for Services	746,286	-	-	746,286
Investment Earnings	-	2,402	-	2,402
Miscellaneous	1,359,793	24,125	158	1,384,076
Total Revenues	<u>64,760,985</u>	<u>12,151,519</u>	<u>1,336,558</u>	<u>78,249,062</u>
<u>EXPENDITURES</u>				
Current				
Instruction	37,305,791	20,509	-	37,326,300
Support Services				
Pupil Services	3,056,134	3,725	-	3,059,859
Improvement of Instructional Services	1,314,201	-	-	1,314,201
Educational Media Services	933,370	-	-	933,370
General Administration	859,419	25,163	-	884,582
School Administration	3,740,112	-	-	3,740,112
Business Administration	1,108,706	31,948	-	1,140,654
Maintenance and Operation of Plant	3,898,043	398,126	-	4,296,169
Student Transportation Services	4,575,902	31,260	-	4,607,162
Central Support Services	772,163	-	-	772,163
Other Support Services	471,602	18,500	-	490,102
Enterprise Operations	308,793	-	-	308,793
Community Services	383,147	-	-	383,147
Food Services Operation	2,140,866	137,019	-	2,277,885
Capital Outlay	-	26,154,813	-	26,154,813
Debt Services				
Principal	42,449	425,579	-	468,028
Interest	8,414	93,088	932,627	1,034,129
Total Expenditures	<u>60,919,112</u>	<u>27,339,730</u>	<u>932,627</u>	<u>89,191,469</u>
Revenues over (under) Expenditures	<u>3,841,873</u>	<u>(15,188,211)</u>	<u>403,931</u>	<u>(10,942,407)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	480,380	480,380
Transfers Out	(241)	(480,139)	-	(480,380)
Total Other Financing Sources (Uses)	<u>(241)</u>	<u>(480,139)</u>	<u>480,380</u>	<u>-</u>
Net Change in Fund Balances	3,841,632	(15,668,350)	884,311	(10,942,407)
Fund Balances - Beginning (Restated)	<u>12,826,111</u>	<u>26,529,478</u>	<u>349,911</u>	<u>39,705,500</u>
Fund Balances - Ending	<u>\$ 16,667,743</u>	<u>\$ 10,861,128</u>	<u>\$ 1,234,222</u>	<u>\$ 28,763,093</u>

HARRIS 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") \$ (10,942,407)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 26,756,314	
Depreciation expense	<u>(2,740,151)</u>	24,016,163

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (8,257)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 30,211

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.

Financed purchase arrangement payments		468,028
--	--	---------

District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$ (3,780,899)	
OPEB expense	<u>(652,537)</u>	(4,433,436)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of bond premium		<u>332,883</u>
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Change in net position of governmental activities (Exhibit "B") \$ 9,463,185

HARRIS COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

EXHIBIT "G"

	CUSTODIAL FUNDS
	<hr/>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u><u>618</u></u>
<u>NET POSITION</u>	
Restricted	
Individuals, Organizations, and Other Governments	\$ <u><u>618</u></u>

HARRIS COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

EXHIBIT "H"

	CUSTODIAL FUNDS
	<hr/>
<u>ADDITIONS</u>	
Contributions	\$ <hr/> - <hr/>
<u>DEDUCTIONS</u>	
Scholarships	<hr/> - <hr/>
Change in Net Position	-
Net Position - Beginning	<hr/> 618 <hr/>
Net Position - Ending	\$ <hr/> 618 <hr/>

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

EXHIBIT "I"

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

The Statement of Net Position presents the School District's non-fiduciary 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.

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

EXHIBIT "I"

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

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

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

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

EXHIBIT "I"

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 tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. All other revenues are considered to be available if 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 financed purchases 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.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

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

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

EXHIBIT "I"

meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 is described in the restatement note.

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

Cash and Cash Equivalents

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

Receivables

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

Inventories

Food Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

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

EXHIBIT "I"

Capital Assets

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000	15 to 80 Years
Buildings and Improvements	\$ 10,000	Up to 50 Years
Intangible Assets	\$ 500,000	5 to 80 Years
Equipment	\$ 5,000	5 to 50 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 and Bond Discounts/Premiums

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

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

EXHIBIT "I"

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

Pensions

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

Post-Employment Benefits Other than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

EXHIBIT "I"

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.

The fund balance of the School District's general fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District's basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipate revenue in order to maintain a balanced budget. When multiple categories of fund balance are available for 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.

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 Harris County Board of Commissioners set the property tax levy for the 2020 tax digest year (calendar year) on August 14, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on December 20, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Harris 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 amounted to \$23,297,792 and for school bonds amounted to \$1,336,377.

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

School Operations	17.26 mills
School Bonds	<u>1.00 mills</u>
	<u>18.26 mills</u>

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,530,231 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 \$3,637,141 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.

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

EXHIBIT "I"

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 the after school program, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

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,

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

EXHIBIT "I"

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the School District had deposits with a carrying amount of \$20,492,509 (excluding cash equivalents), and a bank balance of \$23,434,758. The bank balances insured by Federal depository insurance were \$250,000.

At June 30, 2021, \$23,184,758 of the School District's bank balances was in the State's Secure Deposit Program (SDP).

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.

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

EXHIBIT "I"

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

Cash and cash equivalents	
Statement of Net Position	\$ 32,008,127
Statement of Fiduciary Net Position	618
	<hr/>
Total cash and cash equivalents	32,008,745
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	11,516,236
	<hr/>
Total carrying value of deposits - June 30, 2021	\$ 20,492,509
	<hr/> <hr/>

Categorization of Cash Equivalents

The School District reported cash equivalents of \$11,516,236 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AA+ rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2021 was 36 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

NOTE 5: NON-MONETARY TRANSACTIONS

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

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

EXHIBIT "I"

NOTE 6: 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	\$ 2,315,664	\$ -	\$ -	\$ 2,315,664
Construction in Progress	2,462,734	26,328,891	-	28,791,625
Total Capital Assets,				
Not Being Depreciated	4,778,398	26,328,891	-	31,107,289
Capital Assets,				
Being Depreciated:				
Buildings and Improvements	73,225,322	-	-	73,225,322
Equipment	12,820,314	369,723	259,239	12,930,798
Land Improvements	4,825,782	57,700	-	4,883,482
Less Accumulated Depreciation:				
Buildings and Improvements	28,200,446	1,690,511	-	29,890,957
Equipment	8,918,279	893,156	250,982	9,560,453
Land Improvements	3,186,090	156,484	-	3,342,574
Total Capital Assets,				
Being Depreciated, Net	50,566,603	(2,312,728)	8,257	48,245,618
Governmental Activities				
Capital Assets - Net	\$ 55,345,001	\$ 24,016,163	\$ 8,257	\$ 79,352,907

Current year depreciation expense by function is as follows:

Instruction	\$ 1,904,155
Support Services	
Educational Media Services	\$ 28,804
General Administration	1,000
School Administration	34,387
Maintenance and Operation of Plant	28,520
Student Transportation Services	644,163
Food Services	99,122
	\$ 2,740,151

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

EXHIBIT "I"

NOTE 7: INTERFUND TRANSFERS

Interfund Transfers

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

Transfers to	Transfers From		
	General Fund	Capital Projects Fund	Total
Debt Service Fund	\$ 241	\$ 480,139	\$ 480,380

Transfers are used to move funds collected by the general and capital projects funds as needed for repayment of debt interest.

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Unemployment Compensation

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ 11,079	\$ 11,079	\$ -

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

EXHIBIT "I"

Surety Bond

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

Position Covered	Amount
Superintendent	\$ 50,000

NOTE 9: 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
General Obligation (G.O.) Bonds	\$ 23,495,000	\$ -	\$ -	\$ 23,495,000	\$ -
Unamortized Bond Premiums	4,244,254	-	332,883	3,911,371	249,662
Energy Leases	3,656,577	-	339,160	3,317,417	361,287
Technology Leases	173,376	-	128,868	44,508	44,508
Net Pension Liability	51,111,282	6,626,417	-	57,737,699	-
Net OPEB Liability	38,278,662	6,497,291	-	44,775,953	-
	<u>\$ 120,959,151</u>	<u>\$ 13,123,708</u>	<u>\$ 800,911</u>	<u>\$ 133,281,948</u>	<u>\$ 655,457</u>

Based on the SPLOST V referendum, voters have authorized \$3,000,000 in general obligation debt for completion of SPLOST V projects, which was not issued as of June 30, 2021. In addition, the School District had \$2,505,000 in general obligation debt for bond series 2020, which was not issued as of June 30, 2021.

General Obligation Debt Outstanding

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

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2021. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

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

EXHIBIT "I"

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2020	1.25% - 5.00%	2020	2037	\$ 23,495,000	\$ 23,495,000

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2022	\$ -	\$ 904,975	\$ 249,662
2023	1,175,000	904,975	249,662
2024	1,225,000	857,975	249,662
2025	1,270,000	808,975	249,662
2026	1,290,000	793,100	249,662
2027 - 2031	7,330,000	3,074,250	1,248,310
2032 - 2036	9,185,000	1,218,500	1,248,310
2037	2,020,000	60,600	166,441
Total Principal and Interest	\$ 23,495,000	\$ 8,623,350	\$ 3,911,371

Obligations Under Financed Purchases

Energy Lease

An energy efficiency installment agreement dated June 28, 2013, was executed by and between the School District, the lessee, and Bank of America Public Capital Corp, the lessor. The agreement authorized the borrowing of \$5,399,010 for the purchase of energy efficiency equipment and building modifications. Payments under the agreement shall be made from the School District's capital projects fund.

The School District's outstanding energy efficiency lease related to governmental activities of \$3,317,417 contains a provision that in the event of default, the lessor may take any of the following remedial steps; declare all rental payments payable; take possession of or require the School District to return the equipment; terminate the lease agreement; take legal action to enforce the rights under the lease agreement.

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

EXHIBIT "I"

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

	Governmental Activities
Buildings and Improvements	\$ 5,399,010
Less: Accumulated depreciation	<u>(2,710,888)</u>
	<u>\$ 2,688,122</u>

The energy lease currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Upgrade	2.64%	2013	2029	\$ 5,399,010	\$ 3,317,417

The following is a schedule of total energy lease payments:

Fiscal Year Ended June 30:	Energy Lease	
	Principal	Interest
2022	\$ 361,287	\$ 83,927
2023	384,398	74,173
2024	408,530	63,799
2025	433,720	52,778
2026	460,010	41,082
2027 - 2029	<u>1,269,472</u>	<u>46,862</u>
Total Principal and Interest	<u>\$ 3,317,417</u>	<u>\$ 362,621</u>

Technology Leases

Two technology lease agreements, one dated November 1, 2018 and one dated January 1, 2020, were executed by and between the School District, the lessee, and Dell Financial Services, the lessor. The agreement authorized the borrowing of \$259,455 and \$133,624, respectively, for the purchases of technology equipment. Payments under the technology installment agreement shall be made from the School District's capital projects fund and general fund.

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

EXHIBIT "I"

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

	<u>Governmental Activities</u>
Equipment	\$ 393,079
Less: Accumulated depreciation	<u>(283,025)</u>
	<u>\$ 110,054</u>

The technology leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Technology Equipment 2020	4.85%	2020	2022	\$ 133,624	\$ 44,508

The following is a schedule of total technology lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Technology Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 44,508	\$ 2,160

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

EXHIBIT "I"

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable			
Inventories	\$	99,607	
Prepaid Assets		239,833	\$ 339,440
		<hr/>	
Restricted			
Bus Replacement	\$	308,880	
Continuation of Federal Programs		581,009	
Capital Projects		10,861,128	
Debt Service		1,234,222	12,985,239
		<hr/>	
Assigned			
School Activity Accounts	\$	556,621	
Encumbrance for Bus Replacement		775,700	1,332,321
		<hr/>	
Unassigned			14,106,093
			<hr/>
Fund Balance, June 30, 2021			\$ 28,763,093
			<hr/>

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 11: 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, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2021 (2)	Funding Available From State (1)
New Middle School	\$ 4,670,542	\$ 25,605,533	\$ 909,906
Creekside Addition	-	1,402,976	33,189
HVAC at High School	683,417	1,616,866	1,693,331
	<hr/>	<hr/>	<hr/>
	\$ 5,353,959	\$ 28,625,375	\$ 2,636,426
	<hr/>	<hr/>	<hr/>

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

(2) Payments include contracts and retainages payable at year-end.

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

EXHIBIT "I"

Operating Leases

The School District leases copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$71,531 for governmental activities for the year ended June 30, 2021. The following future minimum lease payments were required under operating leases at June 30, 2021:

Year Ending	Governmental Activities
2022	\$ 72,552
2023	72,552
2024	63,988
2025	21,107
2026	4,936
Total	<u>\$ 235,135</u>

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 \$1,134,561 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

EXHIBIT "I"

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 \$44,775,953 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 0.304854%, which was a decrease of 0.007061% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$1,787,098. 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	\$ -	\$ 4,888,144
Changes of assumptions	7,404,948	3,984,097
Net difference between projected and actual earnings on OPEB plan investments	116,703	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	542,147	1,023,325
School District contributions subsequent to the measurement date	1,134,561	-
Total	\$ 9,198,359	\$ 9,895,566

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

EXHIBIT "I"

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
	<hr/>
2022	\$ (881,453)
2023	\$ (884,585)
2024	\$ (716,158)
2025	\$ (104,487)
2026	\$ 535,851
Thereafter	\$ 219,064

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

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

EXHIBIT "I"

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

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

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

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

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

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

EXHIBIT "I"

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, a single equivalent interest rate of 2.22% was used as the discount rate, as compared with last year's rate of 3.58%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 2.22%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using 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	\$ 52,604,358	\$ 44,775,953	\$ 38,515,416

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

EXHIBIT "I"

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 37,280,482.00	\$ 44,775,953.00	\$ 54,480,411.00

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. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School District payroll, of which 19.00% of

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

EXHIBIT "I"

payroll was required from the School District and 0.06% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$5,926,708 and \$16,958 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$114,292.

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 \$57,737,699 for its proportionate share of the net pension liability for TRS.

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

EXHIBIT "I"

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

School District's proportionate share of the net pension liability	\$ 57,737,699
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>163,996</u>
Total	<u>\$ 57,901,695</u>

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 0.238350%, which was an increase of 0.000653% from its proportion measured as of June 30, 2019.

At June 30, 2021, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$629,980.

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 \$9,636,507 for TRS and \$126,774 for PSERS and revenue of (\$71,100) for TRS and \$126,774 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

EXHIBIT "I"

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	\$ 2,514,495	\$ -
Changes of assumptions	5,947,049	-
Net difference between projected and actual earnings on pension plan investments	1,390,622	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	380,480	25,584
School District contributions subsequent to the measurement date	5,926,708	-
Total	<u>\$ 16,159,354</u>	<u>\$ 25,584</u>

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	\$ 2,193,463
2023	\$ 3,332,753
2024	\$ 3,335,367
2025	\$ 1,345,479
2026	\$ -
Thereafter	\$ -

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

EXHIBIT "I"

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

Teachers Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

EXHIBIT "I"

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

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

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

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

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

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

EXHIBIT "I"

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Teachers Retirement System:			
School District's proportionate share of the net pension liability	\$ 91,558,208	\$ 57,737,699	\$ 30,014,579

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 www.ers.ga.gov/financials.

Defined Contribution Plan

On August 1, 2007, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected Lincoln Financial Group as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 3% of the employee's base pay.

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

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and three years of service to the School District. If an employee terminates employment prior to achieving three years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

Fiscal Year	Percentage Contributed	Required Contribution
2021	100%	\$ 819,520
2020	100%	\$ 786,509
2019	100%	\$ 724,692

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

EXHIBIT "I"

NOTE 14: 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 15: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2021, Harris County abated property taxes due to the School District that were levied on August 14, 2020 and due on December 20, 2020 totaling \$120,835. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 50 percent property tax abatement to a plastics company for the purpose of increasing employment in Harris County. The abatement amounted to \$62,136.
- A 50 percent property tax abatement to a logistics company for the purpose of increasing employment in Harris County. The abatement amounted to \$52,153.

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

EXHIBIT "I"

NOTE 16: 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	\$ (19,634,010)
Prior Period Adjustment - Implementation of GASB No. 84:	
School Activity Account Reclassification	287,566
Net Position, July 1, 2020, as restated	<u>\$ (19,346,444)</u>
 Fund Balance (General Fund), July 1, 2020, as previously reported	 \$ 12,538,545
Prior Period Adjustment - Implementation of GASB No. 84:	
School Activity Account Reclassification	287,566
Fund Balance (General Fund), July 1, 2020, as restated	<u>\$ 12,826,111</u>
 Net Position (Fiduciary Funds), July 1, 2020, as previously reported	 \$ -
Prior Period Adjustment - Implementation of GASB No. 84:	
Restatement for Custodial Funds Beginning Net Position	618
Net Position (Fiduciary Funds), July 1, 2020, as restated	<u>\$ 618</u>

Funds Held for Others of \$287,566, previously presented in the Fiduciary Funds, was reclassified to Net Position and Fund Balance (general fund).

NOTE 17: RELATED PARTY TRANSACTIONS

Michael Zambino is the owner of Dirty Mike's Septic & Jetting Service and is the stepson of the Assistant Superintendent of Operations. He is the only certified, licensed professional in the School District's area for both sewage and food waste. This relation has been disclosed to the Board of Education. The total amount paid to Dirty Mike's Septic & Jetting Service in fiscal year 2021 was \$9,150.

NOTE 18: SUBSEQUENT EVENTS

In December of 2021, the Harris County Board of Education adopted the voter approved bond referendum to allow the issuance of the remaining \$2,505,000 of the General Obligation Bonds, Series 2022. The preceding \$23,495,000 was issued in 2020 as General Obligation Bonds, Series 2020. As of January 2022, the full \$26,000,000 of general obligation debt approved by the voters in November 2019 has been issued.

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HARRIS 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	0.238350%	\$ 57,737,699	\$ 163,996	\$ 57,901,695	\$ 30,826,471	187.30%	77.01%
2020	0.237697%	\$ 51,111,282	\$ 161,915	\$ 51,273,197	\$ 29,168,854	175.23%	78.56%
2019	0.236707%	\$ 43,937,889	\$ 138,102	\$ 44,075,991	\$ 28,286,318	155.33%	80.27%
2018	0.234995%	\$ 43,674,545	\$ 419,099	\$ 44,093,644	\$ 27,264,400	160.19%	79.33%
2017	0.233521%	\$ 48,177,986	\$ 763,970	\$ 48,941,956	\$ 26,025,629	185.12%	76.06%
2016	0.237518%	\$ 36,159,757	\$ 529,339	\$ 36,689,096	\$ 25,060,528	144.29%	81.44%
2015	0.243346%	\$ 30,743,557	\$ 472,373	\$ 31,215,930	\$ 25,104,204	122.46%	84.03%

HARRIS 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	\$ 5,926,708	\$ 5,926,708	\$ -	\$ 31,186,359	19.00%
2020	\$ 6,498,272	\$ 6,498,272	\$ -	\$ 30,826,471	21.08%
2019	\$ 6,077,084	\$ 6,077,084	\$ -	\$ 29,168,854	20.83%
2018	\$ 4,740,033	\$ 4,740,033	\$ -	\$ 28,286,318	16.76%
2017	\$ 3,853,687	\$ 3,853,687	\$ -	\$ 27,264,400	14.13%
2016	\$ 3,655,256	\$ 3,655,256	\$ -	\$ 26,025,629	14.04%
2015 (1)	\$ 3,295,459	\$ 3,295,459	\$ -	\$ 25,060,528	13.15%
2014 (1)	\$ 3,082,796	\$ 3,082,796	\$ -	\$ 25,104,204	12.28%
2013 (1)	\$ 2,874,146	\$ 2,874,146	\$ -	\$ 25,189,708	11.41%
2012 (1)	\$ 2,633,682	\$ 2,633,682	\$ -	\$ 25,619,473	10.28%

(1) The School District has included on behalf payments within the contributions for fiscal year 2015 and prior.

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

SCHEDULE "3"

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%	\$ -	\$ 629,980	\$ 629,980	\$ 1,373,752	N/A	84.45%
2020	0.00%	\$ -	\$ 606,044	\$ 606,044	\$ 1,362,269	N/A	85.02%
2019	0.00%	\$ -	\$ 596,789	\$ 596,789	\$ 1,381,406	N/A	85.26%
2018	0.00%	\$ -	\$ 567,716	\$ 567,716	\$ 1,418,211	N/A	85.69%
2017	0.00%	\$ -	\$ 740,746	\$ 740,746	\$ 1,269,546	N/A	81.00%
2016	0.00%	\$ -	\$ 482,005	\$ 482,005	\$ 1,486,462	N/A	87.00%
2015	0.00%	\$ -	\$ 410,360	\$ 410,360	\$ 1,304,879	N/A	88.29%

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

HARRIS 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	0.304854%	\$ 44,775,953	\$ -	\$ 44,775,953	\$ 26,419,116	169.48%	3.99%
2020	0.311915%	\$ 38,278,662	\$ -	\$ 38,278,662	\$ 25,107,126	152.46%	4.63%
2019	0.313245%	\$ 39,812,478	\$ -	\$ 39,812,478	\$ 24,660,646	161.44%	2.93%
2018	0.312230%	\$ 43,868,189	\$ -	\$ 43,868,189	\$ 23,582,687	186.02%	1.61%

HARRIS 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	\$ 1,134,561	\$ 1,134,561	\$ -	\$ 27,278,412	4.16%
2020	\$ 1,030,945	\$ 1,030,945	\$ -	\$ 26,419,116	3.90%
2019	\$ 1,679,878	\$ 1,679,878	\$ -	\$ 25,107,126	6.69%
2018	\$ 1,623,520	\$ 1,623,520	\$ -	\$ 24,660,646	6.58%
2017	\$ 1,627,994	\$ 1,627,994	\$ -	\$ 23,582,687	6.90%

HARRIS COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE "6"

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	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	\$ 26,689,889	\$ 26,689,889	\$ 25,828,023	\$ (861,866)
Sales Taxes	-	-	1,301,908	1,301,908
State Funds	26,585,077	28,449,984	29,458,645	1,008,661
Federal Funds	3,387,530	6,823,473	6,066,330	(757,143)
Charges for Services	1,799,273	1,799,273	746,286	(1,052,987)
Miscellaneous	3,500	3,500	1,359,793	1,356,293
Total Revenues	58,465,269	63,766,119	64,760,985	994,866
EXPENDITURES				
Current				
Instruction	35,163,432	37,232,820	37,305,791	(72,971)
Support Services				
Pupil Services	2,873,350	3,156,356	3,056,134	100,222
Improvement of Instructional Services	1,144,876	1,478,871	1,314,201	164,670
Educational Media Services	976,852	975,855	933,370	42,485
General Administration	787,008	824,713	859,419	(34,706)
School Administration	3,888,684	3,937,380	3,740,112	197,268
Business Administration	825,278	1,007,165	1,108,706	(101,541)
Maintenance and Operation of Plant	3,851,843	5,565,523	3,898,043	1,667,480
Student Transportation Services	4,383,703	5,368,490	4,575,902	792,588
Central Support Services	792,282	801,413	772,163	29,250
Other Support Services	83,401	115,050	471,602	(356,552)
Enterprise Operations	-	-	308,793	(308,793)
Community Services	27,293	30,463	383,147	(352,684)
Food Services Operation	2,809,969	2,894,273	2,140,866	753,407
Debt Service	-	-	50,863	(50,863)
Total Expenditures	57,607,971	63,388,372	60,919,112	2,469,260
Excess of Revenues over (under) Expenditures	857,298	377,747	3,841,873	3,464,126
OTHER FINANCING USES				
Other Uses	-	-	(241)	(241)
Net Change in Fund Balances	857,298	377,747	3,841,632	3,463,885
Fund Balances - Beginning (Restated)	12,826,111	12,826,111	12,826,111	-
Fund Balances - Ending	\$ 13,683,409	\$ 13,203,858	\$ 16,667,743	\$ 3,463,885

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.

The actual revenues and expenditures of the various principal accounts are \$959,393 and \$978,956, respectively.

The actual revenues and expenditures of the after school program are \$404,300 and \$377,479, respectively.

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

HARRIS 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	215GA324N1199	\$ 454,862
National School Lunch Program	10.555	215GA324N1199	1,518,536
Total Child Nutrition Cluster			<u>1,973,398</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	215GA324L1603	39,000
Total U. S. Department of Agriculture			<u>2,012,398</u>
Education, U. S. Department of			
Direct			
Impact Aid			
Discretionary School Construction Payments	84.041C	N/A	<u>33,134</u>
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	448,520
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	720,531
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund	84.425U	S425U210012	623,053
Total Education Stabilization Fund			<u>1,792,104</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	243,574
Grants to States	84.027A	H027A210073	736,226
Preschool Grants	84.173A	H173A210081	40,077
Total Special Education Cluster			<u>1,019,877</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	41,575
Student Support and Academic Enrichment Program	84.424A	S424A200011	29,939
Student Support and Academic Enrichment Program	84.424A	S424A210011	38,607
Supporting Effective Instruction State Grants	84.367A	S367A200001	19,939
Supporting Effective Instruction State Grants	84.367A	S367A210001	111,759
Title I Grants to Local Educational Agencies	84.010A	S010A200010	100,909
Title I Grants to Local Educational Agencies	84.010A	S010A210010	528,120
Total Other Programs			<u>870,848</u>
Total U. S. Department of Education			<u>3,715,963</u>

HARRIS 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
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	2110GACSC6	24,348
Defense, U. S. Department of Direct Department of the Air Force R.O.T.C. Program	12. UNKNOWN		80,586
Total Expenditures of Federal Awards			\$ 5,833,295

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Donated Personal Protective Equipment

In response to the COVID-19 pandemic, the federal government donated personal protective equipment (PPE) to Georgia Emergency Management and Homeland Security Agency (GEMA/HS). GEMA/HS, then, donated PPE with an estimated fair market value of \$11,261 to the Harris 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.

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

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		
	GENERAL	CAPITAL PROJECTS	TOTAL
	FUND	FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 1,205,365	\$ -	\$ 1,205,365
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,458,475	-	1,458,475
Kindergarten Program - Early Intervention Program	470,414	-	470,414
Primary Grades (1-3) Program	3,393,950	-	3,393,950
Primary Grades - Early Intervention (1-3) Program	1,152,985	-	1,152,985
Upper Elementary Grades (4-5) Program	1,897,923	-	1,897,923
Upper Elementary Grades - Early Intervention (4-5) Program	597,080	-	597,080
Middle School (6-8) Program	3,652,805	-	3,652,805
High School General Education (9-12) Program	2,962,393	-	2,962,393
Vocational Laboratory (9-12) Program	1,518,731	-	1,518,731
Students with Disabilities	3,867,935	-	3,867,935
Gifted Student - Category VI	1,290,961	-	1,290,961
Remedial Education Program	614,892	-	614,892
Alternative Education Program	269,974	-	269,974
English Speakers of Other Languages (ESOL)	46,803	-	46,803
Media Center Program	614,063	-	614,063
20 Days Additional Instruction	194,446	-	194,446
Staff and Professional Development	105,883	-	105,883
Principal Staff and Professional Development	1,914	-	1,914
Indirect Cost			
Central Administration	837,073	-	837,073
School Administration	1,224,531	-	1,224,531
Facility Maintenance and Operations	1,297,706	-	1,297,706
Amended Formula Adjustment	(894,020)	-	(894,020)
Categorical Grants			
Pupil Transportation			
Regular	275,635	-	275,635
Bus Replacement	308,880	-	308,880
Nursing Services	111,918	-	111,918
Vocational Supervisors	27,298	-	27,298
Other State Programs			
Career, Technical and Agriculture Education (CTAE)	47,897	-	47,897
Food Services	58,176	-	58,176
Math and Science Supplements	56,612	-	56,612
Preschool Disability Services	74,113	-	74,113
Pupil Transportation - State Bonds	463,320	-	463,320
Teachers Retirement	16,958	-	16,958
Georgia Emergency Management Agency			
Donations to LEA for COVID	68,264	-	68,264
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	8,487,851	8,487,851
Office of the State Treasurer			
Public School Employees Retirement	114,292	-	114,292
Contract			
Human Services, Georgia Department of			
Family Connections	48,000	-	48,000
Georgia Communities in Schools Dropout Prevention	5,000	-	5,000
	\$ 29,458,645	\$ 8,487,851	\$ 37,946,496

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

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
A one percent sales and use tax be reimposed in the School District to raise not more than \$14,500,000 for the purposes of providing funds to pay, or to reimburse the School District for the cost of paying, or to be applied toward the cost of:	\$ 14,500,000	\$ 14,500,000	
(i) acquiring, constructing, equipping and furnishing new buildings and facilities, including but not limited to transportation facilities and physical education venues,			12/31/2021
Southern A&E - ADA at HCHS Stadium	-	-	
Swimming scoreboard	-	-	
Transportation facility	-	-	
Remodel building adjacent to HCHS	-	-	
Purchase building adjacent to HCHS	-	-	
(ii) adding to, renovating, improving, equipping and furnishing existing school buildings and facilities and other facilities, including but not limited to roofs and lunchroom at Harris County Carver Middle School, and HVAC at New Mountain Hill Elementary School,			12/31/2021
Southern A&E transportation facility	-	-	
Southern A&E reroofing	-	-	
Reroofing	-	-	
Maintenance department supplies	-	-	
Old gym removal	-	-	
HVAC repairs	-	-	
Intercom system PRES	-	-	
Gym floor refinishing	-	-	
System-wide repainting	-	-	
System-wide carpet and building repairs	-	-	
System-wide security cameras	-	-	
System-wide technology improvements	-	-	
Stage risers PRES	-	-	
System-wide furniture	-	-	
System-wide handicap accessible ramp repairs	-	-	
System-wide energy project - ABM	-	-	
Paving at central office	-	-	
HCHS auditorium sound system	-	-	
HCCMS speed bumps	-	-	
Man lift	-	-	
Gravel for bus lots	-	-	
Baseball fieldhouse and sprinkler system	-	-	
System-wide paving	-	-	
Athletic facilities repairs/upgrade	-	-	
School equipment	-	-	
Laundry equipment HCHS	-	-	
(iii) acquiring instructional and administrative information technology equipment, computer software and hardware, physical education equipment, fine arts equipment, safety and security equipment and other school equipment,			12/31/2021
Financial/HR software-SoftDocs	-	-	
System-wide school nutrition POS system	-	-	
Technology supplies	-	-	
Technology purchases	-	-	
Mobile learning lab	-	-	

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

SCHEDULE "10"

PROJECT	EXPENDED IN CURRENT YEAR (3)	EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
A one percent sales and use tax be reimposed in the School District to raise not more than \$14,500,000 for the purposes of providing funds to pay, or to reimburse the School District for the cost of paying, or to be applied toward the cost of:	\$ -	\$ -	\$ -	\$ -
(i) acquiring, constructing, equipping and furnishing new buildings and facilities, including but not limited to transportation facilities and physical education venues,				
Southern A&E - ADA at HCHS Stadium	-	1,745	-	-
Swimming scoreboard	-	19,200	-	-
Transportation facility	-	3,412,536	-	-
Remodel building adjacent to HCHS	-	26,160	-	-
Purchase building adjacent to HCHS	-	316,791	-	-
(ii) adding to, renovating, improving, equipping and furnishing existing school buildings and facilities and other facilities, including but not limited to roofs and lunchroom at Harris County Carver Middle School, and HVAC at New Mountain Hill Elementary School,				
Southern A&E transportation facility	-	13,025	-	-
Southern A&E reroofing	-	7,800	-	-
Reroofing	-	205,500	-	-
Maintenance department supplies	-	20,170	-	-
Old gym removal	-	31,700	-	-
HVAC repairs	-	119,936	-	-
Intercom system PRES	-	10,539	-	-
Gym floor refinishing	-	21,590	-	-
System-wide repainting	126,220	261,125	-	-
System-wide carpet and building repairs	50,457	819,612	-	-
System-wide security cameras	-	155,140	-	-
System-wide technology improvements	-	586,213	-	-
Stage risers PRES	-	5,825	-	-
System-wide furniture	120,084	152,765	-	-
System-wide handicap accessible ramp repairs	-	1,634	-	-
System-wide energy project - ABM	518,667	1,414,681	-	-
Paving at central office	-	21,075	-	-
HCHS auditorium sound system	-	46,464	-	-
HCCMS speed bumps	-	711	-	-
Man lift	-	9,254	-	-
Gravel for bus lots	-	3,815	-	-
Baseball fieldhouse and sprinkler system	-	29,193	-	-
System-wide paving	-	762,653	-	-
Athletic facilities repairs/upgrade	18,500	-	-	-
School equipment	161,139	-	-	-
Laundry equipment HCHS	-	15,550	-	-
(iii) acquiring instructional and administrative information technology equipment, computer software and hardware, physical education equipment, fine arts equipment, safety and security equipment and other school equipment,				
Financial/HR software-SoftDocs	30,791	61,207	-	-
System-wide school nutrition POS system	-	26,450	-	-
Technology supplies	-	96,552	-	-
Technology purchases	-	583,265	-	-
Mobile learning lab	-	14,400	-	-

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

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
Technology and supplies purchases	-	-	
Mobile radio batteries	-	-	
American Red Cross-ASHA RE-Cert.	-	-	
Bus supplies for SPED	-	-	
(iv) acquiring school buses and other school vehicles,			12/31/2021
Reflooring buses	-	-	
Bus upgrade/repairs	-	-	
(v) acquiring textbooks, and	-	-	12/31/2021
(vi) acquiring any capital property necessary or desirable for the foregoing purposes, both real and personal.	-	-	12/31/2021
Total	\$ 14,500,000	\$ 14,500,000	

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

SCHEDULE "10"

PROJECT	EXPENDED IN CURRENT YEAR (3)	EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
Technology and supplies purchases	129,620	-	-	-
Mobile radio batteries	-	7,493	-	-
American Red Cross-ASHA RE-Cert.	-	113	-	-
Bus supplies for SPED	-	1,486	-	-
(iv) acquiring school buses and other school vehicles,	31,260	2,312,484	-	-
Reflooring buses	-	23,240	-	-
Bus upgrade/repairs	-	-	-	-
(v) acquiring textbooks, and	-	595,213	-	-
(vi) acquiring any capital property necessary or desirable for the foregoing purposes, both real and personal.	-	-	-	-
Total	\$ 1,186,738	\$ 12,214,305	\$ -	\$ -

(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 Harris County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.
Amounts expended for these projects include sales tax proceeds plus interest earned on the accounts.

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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. Robert Couch, Superintendent and Members of the
Harris County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Harris 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 January 27, 2023. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify

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any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2021-001 that we consider to be a significant deficiency.

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*.

School District's Response to Findings

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

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".

Greg S. Griffin
State Auditor

January 27, 2023

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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. Robert Couch, Superintendent and Members of the
Harris County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Harris 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

January 27, 2023

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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HARRIS 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 reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2020-001	Improve Controls over Verification
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
Repeat of Prior Year Finding:	FA 2019-001, FA 2018-001

Finding Status:	Unresolved
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The Harris County School District School Nutrition Program will make corrective actions to ensure internal control procedures operate appropriately by implementing processing timeframes and carefully reviewing all applications for accurate eligibility information such as verification of all household names, social security numbers, appropriate signatures, etc. All applications will be reviewed and signed off with at least two verifying signatures. SNP will also ensure that all eligibility information entered on the form is also accurately entered into the database.

FA 2019-001	Improve Controls Over Verification
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
Repeat of Prior Year Finding:	FA 2018-001

Finding Status:	Partially Resolved
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See response to finding number 2020-001.

FA 2018-001	Improve Controls Over Eligibility Determinations and Verification
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
Repeat of Prior Year Finding:	N/A

Finding Status:	Partially Resolved
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See response to finding number 2020-001.

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Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
▪ Material weakness(es) identified? No
▪ Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted: No

Federal Awards

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

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

All major programs Unmodified

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
10.553, 10.555	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

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

II FINANCIAL STATEMENT FINDINGS

FS 2021-01 Financial Statement Preparation

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	No

Description:

The School District did not have adequate internal controls in place over the financial statement reporting process.

Criteria:

Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal control over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter II - 2, *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:

The following errors and omissions were noted in the School District's financial statements, note disclosures and supplementary information as presented for audit:

- Due to including TAVT as part of other taxes, other property taxes were overstated and maintenance and operations property taxes were understated by \$2,530,231 on the government-wide statements. An adjustment was proposed by the auditors and accepted by the School District.
- Interfund transfers for capital projects were overstated by \$4,120,468 due to not netting interfund activity in the capital projects fund. An adjustment was proposed by the auditors and accepted by the School District.
- Interfund transfers for debt service were overstated by \$465,423 due to not netting intrafund activity in the debt service fund. An adjustment was proposed by the auditors and accepted by the School District.
- Due to fiscal year 2022 expenditures being recognized in the current fiscal year, expenditures and accounts payable were overstated by \$775,700 on the general fund and government-wide statements. An adjustment was proposed by the auditors and accepted by the School District.

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

II FINANCIAL STATEMENT FINDINGS

- Other audit adjustments and reclassifications were proposed by the auditors and accepted by the School District to properly present the School District's financial statements, note disclosures and supplemental information.

Cause:

These issues were a result of the School District's inadequate controls and review procedures over the financial statements.

Effect:

Significant misstatements and misclassifications were included in the financial statements presented for audit. The lack of controls and monitoring over the financial statement process could impact the reporting of the School District's financial position and results of operations.

Recommendation:

The School District should strengthen their internal controls and review procedures over the financial reporting to ensure that the financial statements, including disclosures, presented for audit are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP statements, GASB pronouncements and the School District's operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:

We concur with the finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section V

Management's Corrective Action

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Harris County Board of Education

BOARD MEMBERS

Mr. Garnett E. Ray III, Chair
Mr. Steve F. Goodnoe, Vice Chair
Mr. Shane Lipp
Mrs. Bridgett Oliver
Mr. Scott Greene
Mr. Harry Proctor
Dr. Monica Sparks

132 Barnes Mill Road
Hamilton, Georgia 31811
(706) 628-4206
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SUPERINTENDENT
Mr. Roger D. Couch

ASSISTANT SUPERINTENDENTS

SUPPORT SERVICES
Ms. Shelia Baker

HUMAN RESOURCES
Mrs. Stacey Carlisle

BUSINESS SERVICES & TECHNOLOGY
Dr. Justin Finney

09/12/2022

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2021-01 Financial Statement Preparation

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	No

Description:

The School District did not have adequate internal controls in place over the financial statement reporting process.

Corrective Action Plans:

The Harris County BOE utilizes a third-party CPA firm to complete the district's annual financial statements. The finance department will schedule an annual meeting with our firm to ensure all financial data is reported correctly. Additionally, finance personnel will attend training for Financial Statement Preparation provided by the Georgia Department of Education Financial Review Team.

Estimated Completion Date: June 30, 2023

Contact Person: Meghan L. Ceja

Telephone: [706-628-4206

Email: ceja-m@harris.k12.ga.us


Meghan L. Ceja, Director of Finance


Roger D. Couch, Superintendent

DIRECTORS

Dr. Dave Dennie - Elementary Curriculum & Instruction
Jonathan R. Smith - Technology
Meghan Ceja - Finance

Dr. Donna Patterson - Secondary Curriculum & Instruction
Phillip H. Johnson - Special Education
H. Tag Croxton - Federal Programs