



ANNUAL FINANCIAL REPORT

RICHMOND COUNTY BOARD OF EDUCATION

AUGUSTA, GA

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

(Including Independent Auditors' Report)

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INTRODUCTORY SECTION



Augusta is the third largest and oldest city in Georgia with a population of about 200,000. The city of Augusta was named after Princess Augusta of Saxe-Gotha-Altenburg. Situated on the bank of the Savannah River, Augusta is best known as the Garden City and home of the Masters Golf Tournament held the first full week in April. It is also known for its rich medical heritage and the Fort Gordon military installation.

The Richmond County School System was chartered as a public education system on August 23, 1872. The School System's central office is located at 864 Broad Street, Augusta, GA.

Vision

The Richmond County School System will provide an equitable education for all students to prepare them for life beyond the classroom.

Mission

Building a globally competitive school system that educates the whole child through teaching, learning, collaboration, and innovation.

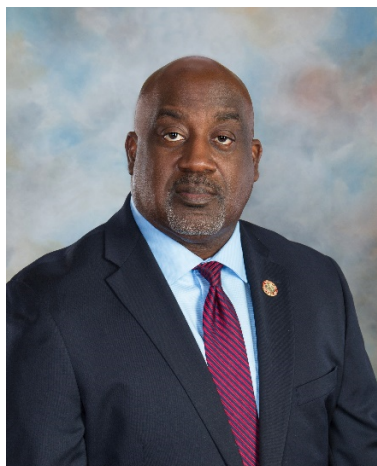
Motto

Learning Today...Leading Tomorrow

Belief Statements

- Every person can learn and has the right to a quality education.
- Students thrive in a positive climate and culture where they are respected and all ideas are accepted.
- Effective communication is the key to understanding among people.
- Excellence in education is a collaborative effort and shared responsibility of the individual, home, school, and community.

SUPERINTENDENT



A career champion for education, Dr. Kenneth Bradshaw is the Superintendent of Schools for the Richmond County School System in Augusta, GA. He holds a bachelor's degree in Business Administration from Savannah State University; a master's degree in Education Administration and Supervision from the University of West Georgia; and a doctorate in Educational Leadership from Argosy University.

As a dynamic and collaborative leader, he believes everyone in the community is integral to positively impact the lives of students. This philosophy has successfully guided him through his more than 30 years of education experience. In DeKalb County, Georgia, he served as a teacher, assistant principal, principal, and regional superintendent where increases in academic achievement followed him in every position. As the Deputy Superintendent in Richmond County, he managed the development of a multimillion-dollar partnership with Textron Specialized Vehicles (TSV) to improve the high school drop-out rate. This program has graduated nearly 150 students since its inception in 2016 and continues to be a vital support for students and their families. Prior to returning to Richmond County, he served as the Chief Operations Officer in Hamilton County, Tennessee, where he greatly improved the operational effectiveness and efficiency of the district. He returned to the Richmond County School System to serve as Superintendent in September 2019.

Message from the Superintendent:

The Richmond County School System is committed to create a world-class, globally competitive school system that provides an equitable education for all children. I am enthusiastic about the work our teachers and staff lead to prepare the nearly 30,000 students in our district for life beyond the classroom. Through teaching, learning, collaboration and innovation, we build upon the foundation of our strategic plan to advance achievement and create access to a world of opportunities for our students. Our commitment to maintain strong relationships across the business community and to create impactful partnerships and initiatives is unwavering. As an integral part of the community and a vital piece of the economic sustainability of the Augusta region, we remain humbled and laser focused on the responsibility to educate every child, every day.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Bradshaw', written in a cursive style.

Dr. Kenneth Bradshaw
Superintendent of Schools

School Board Profile

The Board of Education of the City of Augusta is composed of ten citizens representing each of the city systems and each serving four-year terms. The Board of Education is a policy-making body and serves as a legislative body in the development and evaluation of policies. While the board is responsible for school programs and operations by law, it delegates some portion of that authority to the Superintendent. The board is governed by a President and a Vice-President who are elected by and from the board membership every two years on the Saturday preceding the second Thursday in January. As representatives of the people, board members are responsible for ensuring that school system operations are efficient, financially and legally sound, and focused on the best interest of Richmond County's children.



**Charlie Hannah,
President, District 2**



**Charlie Walker,
Vice President, District 7**



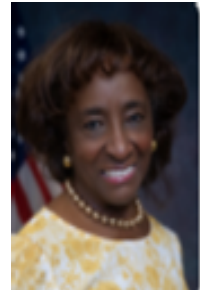
**Shawnda Griffin,
District 1**



**Walter Eubanks,
District 3**



**Wayne Frazier,
District 4**



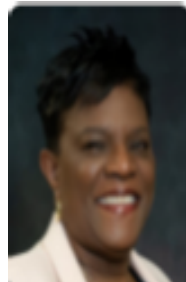
**Patsy Scott,
District 5**



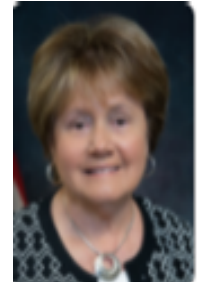
**A. K. Hasan,
District 6**



**Jimmy Atkins,
District 8**



**Venus Cain,
District 9**



**Helen Minchew,
District 10**

Board Members



Building a world-class school system through education, collaboration, and innovation

STUDENT DEMOGRAPHICS

Total Enrollment: 29,093
Grade Range: PK-12

SCHOOLS

Comprehensive High Schools.....	8
Middle.....	8
Elementary.....	28
K-8 Schools.....	3
Magnet.....	4
Special.....	3
Special Programs.....	4

STUDENT DEMOGRAPHICS

American Indian/Alaskan Native.....	0.2%
Asian.....	0.6%
Black.....	75.0%
Hispanic.....	5.3%
Multi-Racial.....	3.5%
Pacific Islander.....	0.4%
White.....	15.0%

EMPLOYEES

Certified.....	2,367
Non-Certified.....	1,478

CERTIFIED PERSONNEL DATA

Education/Certification Level of School Professional Staff

4 Yr Bachelor's.....	33.0%
5 Yr Master's.....	41.2%
6 Yr Specialist's.....	20.6%
Doctorate.....	5.2%

SCHOOL NUTRITION

Serves approximately 10,374 breakfasts, 12,283 lunches and 424 snacks to Primetime students at select sites.

Michelle Bennett, CPA
Rick L. Evans, CPA
E.J. Maddocks, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA

Abram J. Serotta, CPA
Joel R. Stewart, CPA
Andrea Usry, CPA
David Ussey, CPA
Paul Wade, CPA



INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richmond County Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board'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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Richmond County Board of Education, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, proportionate share of net pension liability, proportionate share of net OPEB liability, schedules of contributions and budgetary comparison information on pages viii through xix and pages 42 through 52 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, which 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 Richmond County Board of Education's basic financial statements. Schedules 13 and 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Schedules 13 and 14 and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 13 and 14, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the Richmond County Board of Education'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 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 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 Richmond County Board of Education's internal control over financial reporting and compliance.

Serotta Maddocks Evans & Co.
SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia
January 31, 2022

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Introduction

The discussion and analysis of the Richmond County Board of Education's (subsequently referred to as the School System) financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers are encouraged to review the transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements to enhance their understanding of the School System's financial performance.

The basic financial statements are comprised of three components:

- 1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
- 2) Fund financial statements.
- 3) Notes to the financial statements.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

On the government-wide financial statements:

- The School System maintained increased class sizes to compensate for the reductions in state funding.
- In a comprehensive tax reform bill, state legislators changed the method of taxing motor vehicles. As of March 1, 2013, the state implemented a Title Ad Valorem Tax in lieu of the state sales tax and annual vehicle ad valorem tax. The Title Ad Valorem Tax applies when ownership of the vehicle changes and applies to dealer and private sales. For the fiscal year ended June 30, 2021 the School System collected \$10.2 million in Title Ad Valorem Taxes, net of fees, an increase of \$2.1 million compared to the prior fiscal year.
- On the Government-wide financial statements, the assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources by \$191.3 million at June 30, 2021. This represents an increase in net position of \$21.0 million. This total increase is due to governmental activities since the School System has no business-type activities.
- General revenues accounted for \$164.3 million or 40.0% of all revenues. Program specific revenues in the form of capital and operating grants and contributions and charges for services accounted for \$246.9 million of all revenues. Total Revenues increased by \$27.1 million. Program specific revenues increased by \$17.0 million and general revenues increased by \$10.1 million.
- The School System had \$391.2 million in expenses related to governmental activities of which \$246.9 million were offset by program specific charges for services or grants and contributions.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

- Total net position includes the following:
 - 1) Net investment in capital assets include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the construction or purchase of capital assets.
 - 2) Restricted net position of \$49.7 million, constraints which are imposed outside of the School System. This includes restrictions for debt covenants and continuance of grants, and capital projects.
 - 3) Unrestricted net assets, net of pension and OPEB liabilities, of \$48.6 million represents the net position available to sustain the School System's continuing obligations to its citizens and creditors.

On the fund financial statements:

- The School System's General Fund reported a fund balance of \$51.5 million at June 30, 2021, which represents an increase of \$27.9 million from the prior fiscal year.

The financial highlights noted above are explained in more detail within the financial analysis section of this document.

Overview of the Basic Financial Statements

This annual report consists of a series of financial statements, the government-wide, and fund statements, and notes to those statements.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities are designed to illustrate the School System as an aggregate of its financial activities and present a longer-term view of its finances. Increases or decreases to net position may provide an informative indicator of the financial position of the school system as a whole.

The next level of detail is provided by the fund financial statements. These statements reflect the short-term finances as well as the balances available for future needs. Fund financial statements are useful in assessing annual financing requirements and the commitment of existing spendable resources. The fund level statements report the School System's operations in more detail than the government-wide statements.

The notes to the financial statements serve to supplement and clarify the information contained within the financial statements and will provide the reader a more comprehensive understanding of the School System's financial position.

Figure 1 summarizes the significant features of the Richmond County Board of Education's annual financial statements and provides information on the School System's activities and the types of information found in the financial statements.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Figure 1.

Significant Features of the Government-Wide and Fund Level Financial Statements			
	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School System (excluding fiduciary funds)	The activities of the School System that are not proprietary or fiduciary. This includes instruction, support services, administration, transportation, and maintenance.	Funds for which the School System administers resources on behalf of someone else. This includes scholarships and student funds.
Required Financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities(financial, capital, short-term and long-term).	Generally includes assets expected to be consumed and liabilities that are due within the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities. Includes short-term and long-term and may include capital assets.
Type of Inflow/Outflow Information	All revenues and expenditures earned or incurred during the fiscal year regardless of when cash is received or paid out.	Revenues for which cash is received during the year or soon thereafter. Expenditures for which goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid out.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Reporting the School System as a Whole (Government-Wide)

Statement of Net Position and the Statement of Activities

The analysis of the School System as a whole looks at all financial transactions and enables the reader of the financial statements to ascertain whether the School System's financial position has improved or diminished. The statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This methodology is similar to the accounting of most private-sector businesses. This basis of accounting considers all the current year's revenues and expenses regardless of when cash is received or paid. There are many factors, some financial, some not, affecting the financial position of the School System. Some of these factors include the School System's property tax base, state austerity reductions, state and federal mandates that are unfunded, the age and condition of school facilities, and the economy of the area.

In the Statement of Net Position and the Statement of Activities, all of the School System's activities are reflected as governmental activities. The governmental activities of the Richmond County Board of Education are financed through taxes, state QBE funds, competitive and non-competitive grants.

The Statement of Net Position provides information about the overall financial activities of the School System; whereas, the Statement of Activities provides a comparison of direct expenses and program revenues. Direct expenses are incurred in association with a specific program or function. Program and services reported here include instruction, support services, operation and maintenance of plant, pupil transportation, food service, school activity accounts and various others.

Reporting the School System's Most Significant Funds (Fund Financials)

Governmental Funds: The fund financial statements provide detailed information about the School System's most significant funds. The School System's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

Most of the School System's activities are reported in governmental funds which focus on how money flows into and out of these funds and the balances remaining at year-end that are available for spending in future periods. These funds are reported using an accounting methodology called modified accrual accounting. This methodology measures cash and all other financial assets that may be readily converted to cash. The fund statements offer a detailed short-term view of the School System's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources available to finance educational programs in the near future. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in these statements.

Reporting the School System as a Whole

The Statement of Net Position provides the perspective of the School System as a whole.

Table 1 provides a comparative summary of the School System's net position for fiscal years 2021 and 2020.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

TABLE 1
NET POSITION
(in Thousands)

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020
Assets		
Current and Other Assets	\$ 135,904	\$ 138,068
Capital Assets, Net	<u>657,399</u>	<u>651,081</u>
Total Assets	<u>\$ 793,303</u>	<u>\$ 789,149</u>
Deferred Outflows of Resources	123,865	90,063
Liabilities		
Current and Other Liabilities	\$ 37,622	\$ 49,949
Long-Term Liabilities	<u>611,190</u>	<u>561,960</u>
Total Liabilities	<u>\$ 648,812</u>	<u>\$ 611,909</u>
Deferred Inflows of Resources	76,999	95,978
Net Position		
Net Investment in Capital Assets	\$ 599,374	591,121
Restricted	49,656	68,589
Unrestricted	<u>(457,673)</u>	<u>(488,385)</u>
Total Net Position	<u><u>\$ 191,357</u></u>	<u><u>\$ 171,325</u></u>

The School System's net position increased \$20.0 million.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Table 2 shows the comparative changes in net position for fiscal years 2021 and 2020.

	Activities June 30, 2021	Activities June 30, 2020
Revenues		
Program Revenues		
Charges for Services	\$ 488	\$ 1,049
Operating Grants and Contributions	242,601	226,788
Capital Grants and Contributions	3,806	2,087
Total Program Revenues	\$ 246,895	\$ 229,924
General Revenues		
Taxes		
Property Taxes	\$ 97,403	\$ 96,931
Sales Tax	48,730	40,957
Grants and Contributions not Restricted	17,963	12,590
Investment Earnings	586	1,491
Miscellaneous	2,133	2,227
Gain (Loss) on Sale of Assets	(2,515)	(5)
Total General Revenues	\$ 164,300	\$ 154,191
Total Revenues	\$ 411,195	\$ 384,115
Program Expenses		
Instruction	\$ 225,210	199,712
Support Services		
Pupil Services	15,420	15,090
Improvement of Instruction	17,648	15,742
Educational Media Services	6,014	5,508
General Administration	4,536	4,301
School Administration	30,565	27,604
Business Administration	2,858	2,491
Maintenance and Operations of Plant	44,858	45,075
Student Transportation Services	14,878	15,576
Central Support Services	6,902	7,439
Other Support Services	1,800	1,000
Operations of Non-Instructional Services		
Community Services	8	296
Food Services	19,574	21,285
Interest on Short-Term and Long-Term Debt	891	671
Total Expenses	\$ 391,162	\$ 361,790
Change in Net Position	\$ 20,033	\$ 22,325

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Governmental Activities

The Statement of Activities details the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Cost of service comparisons are provided for fiscal years 2021 and 2020.

TABLE 3
Governmental Activities
(In Thousands)

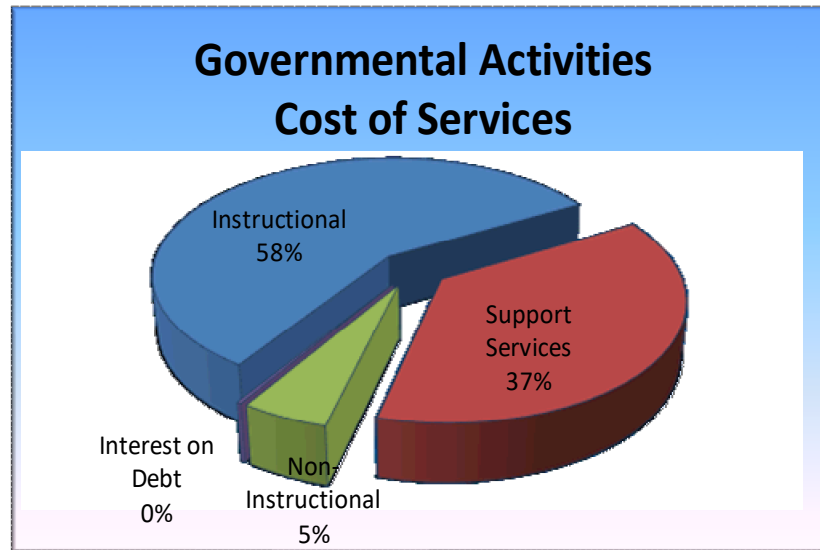
	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
Instructional	\$ 225,210	\$ 199,712	\$ 52,922	\$ 44,161
Support Services				
Pupil Services	15,420	15,090	10,133	9,812
Improvement of Instruction	17,648	15,742	4,289	3,931
Educational Media Services	6,014	5,508	874	220
General Administration	4,536	4,301	371	(1,457)
School Administration	30,565	27,604	20,079	17,451
Support Services Business	2,858	2,491	2,761	2,427
Maintenance and Operation of Plant	44,858	45,075	32,313	32,269
Student Transportation	14,878	15,576	10,218	12,073
Central Support Services	6,902	7,439	6,575	7,268
Other Support Services	1,800	1,000	1,665	912
Operations of Non-Instructional Services				
Community Services	8	296	7	280
Food Services	19,574	21,285	1,170	1,848
Interest on Short-Term and Long-Term Debt	891	671	891	671
Total Expense	\$ <u>391,162</u>	\$ <u>361,790</u>	\$ <u>144,268</u>	\$ <u>131,866</u>

The State's Quality Basic Education Funding (QBE) is not sufficient to provide basic education services or to provide adequate maintenance of the School System's facilities. To provide further funding, the School System levies a millage rate of 18.419 mills in addition to a 1% Education Special Purpose Local Option Sales Tax (SPLOST) authorized by local referendum. The millage rate was approved at a rate of 19.3120 mills in August 2021, an increase of 0.8930 mills.

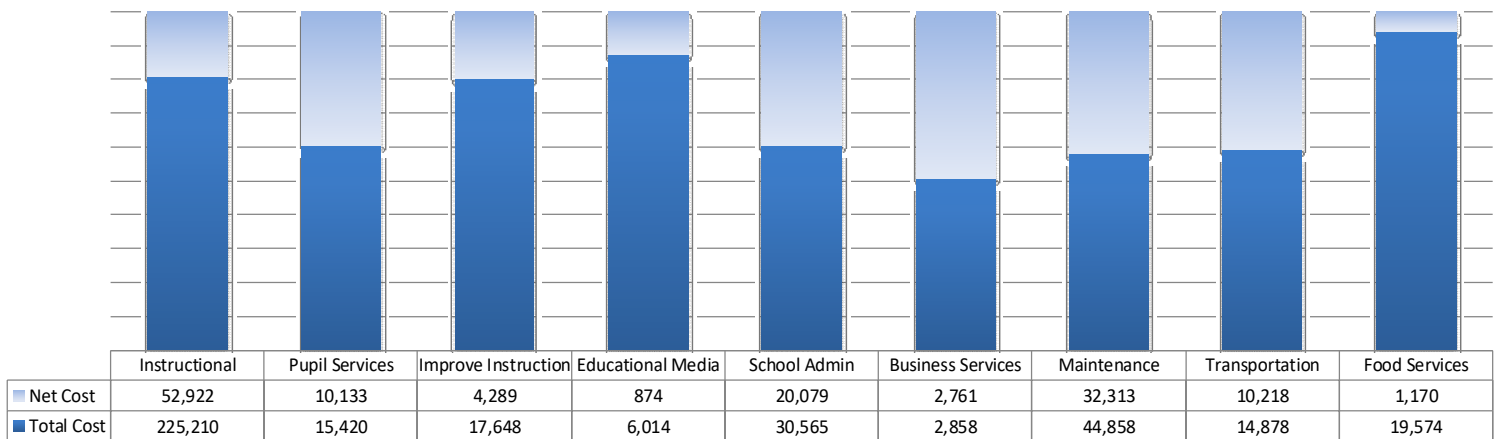
RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The net cost reflects the financial burden placed on the School System's local taxpayers. The increase in the net cost of services indicates that the School System's taxpayers have had to provide a larger percentage of the total cost of services.

Figure 2.



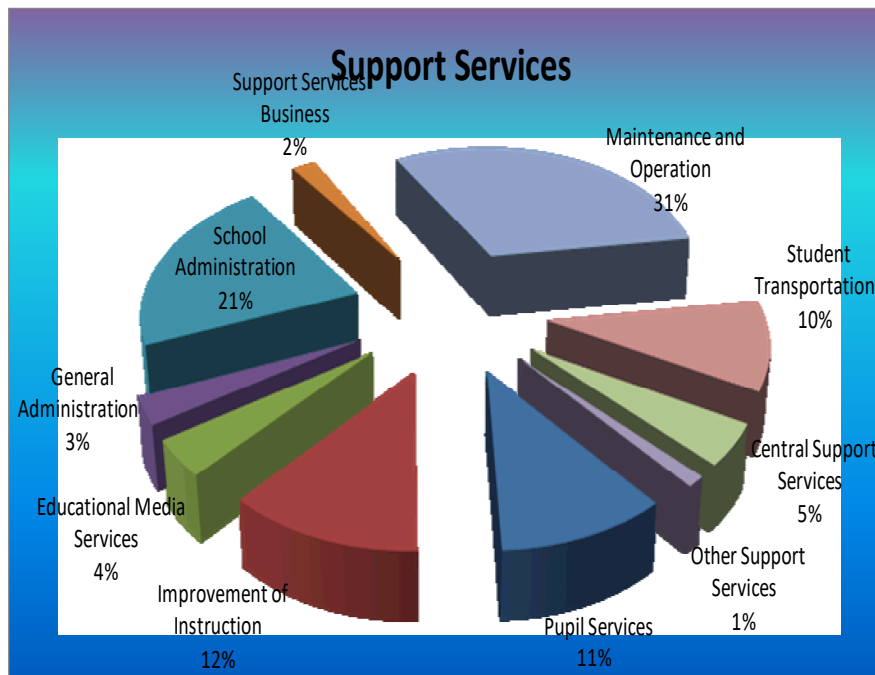
**Governmental Activities
Comparison of Net Cost to Total Cost of Services
(in millions)**



Instruction expenditures include activities related to the interaction between students and teachers. Instruction expenditures account for the largest percentage of the cost of service for governmental activities.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Figure 3.



Support services include activities that assess and supplement the teaching process, assist teachers in developing and evaluating the technique of providing instruction, operation of the educational media centers, administration of the policy of the School System, maintenance of the fiscal responsibilities of the School System, transportation costs, and upkeep of the grounds and facilities.

The School System's Funds

The School System's funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$414.3 million and expenditures and other financing uses of \$405.2 million. The general fund's fund balance reflected an increase of \$27.9 million, and the capital projects funds decreased by \$47.1 million.

The general fund operation's revenues increase is attributed to an increase in state funds and property taxes.

The capital projects fund operation's decrease is related to use of bond proceeds for the Phase 5 Bond construction projects.

General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. Throughout fiscal year 2021, the School System amended its general fund budget several times. Site-based budgeting is used by the School System and is designed to tightly control total site budgets but allow some management flexibility. The School System's top management

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

monitors a detailed report comparing actual revenues and expenditures to budget on a monthly basis. Site management has access to this information on a demand basis through a report available using the School System's accounting software.

For the general fund, the final budgeted revenues of \$361.8 million exceeded the original budget of \$338.5 million by \$23.3 million. Actual revenues were greater than budgeted revenues by \$2.1 million. The final budgeted expenditures of \$356.3 million exceed the original budget of \$338.5 million by \$17.7 million. Actual expenditures were \$19.4 million less than the final budgeted amount. The significant difference in the comparison of the budget to actual expenditures is the result of many of the federal program funds being budgeted for periods exceeding the fiscal year or crossing two fiscal years. The actual fund balance increased by \$27.9 million.

Capital Assets and Debt Administration

At the end of fiscal year 2021, the School System had capital assets of \$657.4 million, net of accumulated depreciation.

The primary increase occurred in construction work in progress. Due to funding from a Special Purpose Local Option Sales Tax and a bond issue, the School System is building and renovating numerous schools.

Table 4 shows comparative statements for 2021 and 2020.

TABLE 4
CAPITAL ASSETS
(Net of Depreciation and Amortization, in Thousands)

	Governmental Activities June 30, 2021	Restated Governmental Activities June 30, 2020
Land	\$ 16,426	\$ 16,408
Construction Work in Progress	34,923	46,385
Works of Art	42	42
Building and Building Improvements	580,760	560,380
Equipment	15,104	16,904
Right-to-Use Equipment	140	220
Land Improvements	10,004	10,962
Total Capital Assets, Net of Depreciation and Amortization	<u>\$ 657,399</u>	<u>\$ 651,301</u>

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Debt

At June 30, 2021, the School System had \$53.8 million in general obligation bonds, with \$28.7 million due within one year. Debt comparisons between fiscal year 2021 and 2020 are shown below.

TABLE 5
DEBT
(in Thousands)

	Governmental Activities June 30, 2021	Restated Governmental Activities June 30, 2020
General Obligation Bonds	\$ 53,755	\$ 80,965
Lease Liability	786	222
Compensated Balances	2,142	2,160
Unamortized Bond Premium	1,191	3,136
Total Debt	<u>\$ 57,874</u>	<u>\$ 86,483</u>

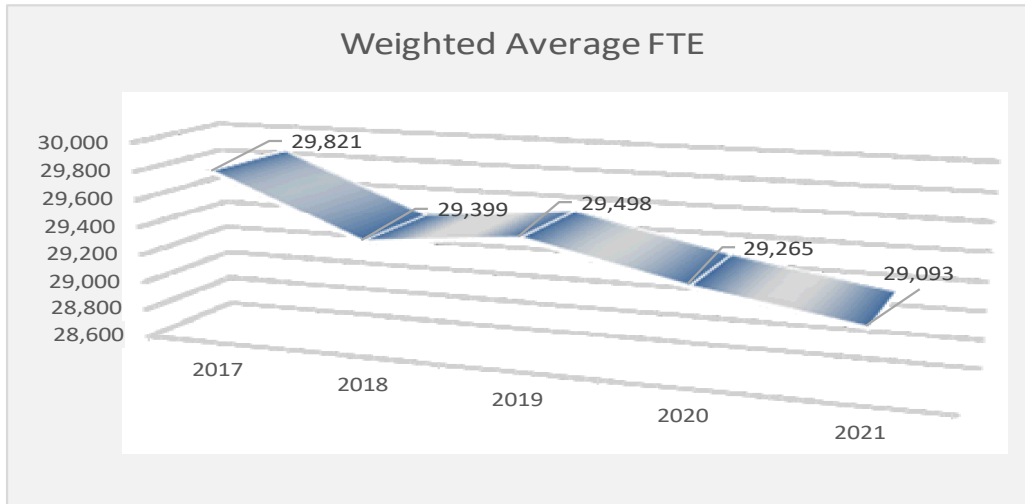
Current Issues

The Richmond County Board of Education has maintained its economic stability by budgeting conservatively and monitoring its expenditures. Areas of concern are the State of Georgia's continued amended formula reduction to the QBE funding formula, the rising costs in employee benefits and declining student growth.

Student enrollment is the driving factor in the State's education funding formula. Student enrollment is converted to a "Full Time Equivalent" (FTE) for funding purposes. As student enrollment and FTE decrease so does State funding.

The School System showed a decrease in the weighted average of full time equivalent students. From 2020 to 2021 the weighted average of full time equivalent students decreased by 172 students. The figure shown below shows the trend in the School System's enrollment over the past five years.

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021



The School System has maintained classroom size waivers and made certain efforts to reduce operating expenses to help offset increases in pension contribution rate increases.

Contacting the School System's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and to reflect the School System's accountability for the funds it receives. For questions about this report or additional financial information, please contact the Chief Financial Officer or the Director of Budget and Finance, Richmond County Board of Education, 864 Broad Street, Augusta, GA 30901.

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2021

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 83,186,891
Investments	117,459
Receivables, Net	
Taxes	8,109,164
State Government	23,291,067
Federal Government	19,285,163
Lease	194,490
Other	789,947
Inventories	859,911
Prepaid Items	69,854
Capital Assets, Non-Depreciable	51,391,437
Capital Assets, Depreciable (Net of Accumulated Depreciation)	606,007,953
	<hr/>
Total Assets	793,303,336
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	87,134,978
Related to OPEB Plan	36,729,715
	<hr/>
Total Deferred Outflows of Resources	123,864,693
	<hr/>
<u>LIABILITIES</u>	
Accounts Payable	1,987,692
Salaries and Benefits Payable	27,897,597
Claims Incurred but not Reported (IBNR)	2,423,295
Interest Payable	442,958
Contracts Payable	2,640,046
Retainages Payable	2,034,780
Deposits and Unearned Revenue	196,000
Net Pension Liability	311,660,723
Net OPEB Liability	241,655,629
Long-Term Liabilities	
Due Within One Year	29,922,750
Due in More Than One Year	27,950,847
	<hr/>
Total Liabilities	648,812,317
	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Lease Revenue	194,490
Related to Defined Benefit Pension Plans	11,071,333
Related to OPEB Plans	65,733,484
	<hr/>
Total Deferred Inflows of Resources	76,999,307
	<hr/>
<u>NET POSITION</u>	
Net Investment in Capital Assets	599,374,523
Restricted for	
Continuation of Federal Programs	2,854,165
Debt Service	28,371,775
Capital Projects	18,196,975
Other - Buses	231,660
Unrestricted Deficit	(457,672,693)
	<hr/>
Total Net Position	\$ 191,356,405
	<hr/>

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2021

	<u>EXPENSES</u>
<u>GOVERNMENTAL ACTIVITIES</u>	
Instruction	\$ 225,209,966
Support Services	
Pupil Services	15,419,723
Improvement of Instructional Services	17,648,085
Educational Media Services	6,013,999
General Administration	4,536,201
School Administration	30,565,203
Business Administration	2,858,231
Maintenance and Operation of Plant	44,857,963
Student Transportation Services	14,877,498
Central Support Services	6,902,152
Other Support Services	1,800,091
Operations of Non-Instructional Services	
Community Services	7,772
Food Services	19,574,327
Interest on Short-Term and Long-Term Debt	<u>891,041</u>
Total Governmental Activities	<u>\$ 391,162,252</u>
General Revenues	
Taxes	
Property Taxes	
For Maintenance and Operations	
Railroad Cars	
Other Taxes	
Sales Taxes	
Special Purpose Local Option Sales Tax	
For Debt Service	
For Capital Projects	
Other Sales Tax	
Grants and Contributions not Restricted to Specific Programs	
Investment Earnings	
Miscellaneous	
Loss on sale of assets	
Total General Revenues and Special Items	
Change in Net Position	
Net Position - Beginning of Year as Previously Reported	
Prior Period Adjustment (Note 14)	
Net Position - Beginning of Year	
Net Position - End of Year	

EXHIBIT "B"

PROGRAM REVENUES			NET (EXPENSES)
CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 302,321	\$ 171,441,243	\$ 544,584	\$ (52,921,818)
-	5,195,120	91,229	(10,133,374)
-	13,358,824	140	(4,289,121)
-	5,104,298	35,942	(873,759)
-	4,165,041	745	(370,415)
-	10,374,415	112,172	(20,078,616)
-	97,373	23	(2,760,835)
19,136	10,514,720	2,010,668	(32,313,439)
-	3,945,932	713,960	(10,217,606)
-	285,268	41,565	(6,575,319)
-	13,623	121,303	(1,665,165)
-	-	1,082	(6,690)
166,552	18,105,118	132,317	(1,170,340)
-	-	-	(891,041)
\$ 488,009	\$ 242,600,975	\$ 3,805,730	(144,267,538)
			86,962,629
			-
			10,440,213
			29,639,721
			16,345,978
			2,744,244
			17,963,158
			585,833
			2,133,278
			(2,514,406)
			164,300,648
			20,033,110
			170,346,328
			976,967
			171,323,295
			\$ 191,356,405

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

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 32,136,933	\$ 22,678,183	\$ 28,371,775	\$ 83,186,891
Investments	117,459	-	-	117,459
Receivables, Net				
Taxes	3,920,408	4,188,756	-	8,109,164
State Government	23,291,067	-	-	23,291,067
Federal Government	19,285,163	-	-	19,285,163
Other	789,947	-	-	789,947
Due from Other Funds	3,447,971	-	-	3,447,971
Inventories	859,911	-	-	859,911
Prepaid Items	69,854	-	-	69,854
Total Assets	<u>\$ 83,918,713</u>	<u>\$ 26,866,939</u>	<u>\$ 28,371,775</u>	<u>\$ 139,157,427</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,987,692	\$ -	\$ -	\$ 1,987,692
Salaries and Benefits Payable	27,897,597	-	-	27,897,597
Due to Other Funds	-	3,447,971	-	3,447,971
Contracts Payable	-	2,640,046	-	2,640,046
Retainages Payable	-	2,034,780	-	2,034,780
Deposits and Unearned Revenue	196,000	-	-	196,000
Total Liabilities	<u>30,081,289</u>	<u>8,122,797</u>	<u>-</u>	<u>38,204,086</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	<u>2,347,318</u>	<u>-</u>	<u>-</u>	<u>2,347,318</u>
Total Deferred Inflows of Resources	<u>2,347,318</u>	<u>-</u>	<u>-</u>	<u>2,347,318</u>
<u>FUND BALANCES</u>				
Nonspendable	929,765	-	-	929,765
Restricted	2,915,662	18,744,142	28,371,775	50,031,579
Committed	3,199,863	-	-	3,199,863
Unassigned	<u>44,444,816</u>	<u>-</u>	<u>-</u>	<u>44,444,816</u>
Total Fund Balances	<u>51,490,106</u>	<u>18,744,142</u>	<u>28,371,775</u>	<u>98,606,023</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 83,918,713</u>	<u>\$ 26,866,939</u>	<u>\$ 28,371,775</u>	<u>\$ 139,157,427</u>

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

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 98,606,023

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	\$	16,425,951	
Construction in progress		34,923,486	
Buildings and improvements		831,327,143	
Equipment		66,323,584	
Right-to-use Equipment		503,754	
Land improvements		24,905,918	
Works of art		42,000	
Accumulated depreciation		<u>(317,052,446)</u>	657,399,390

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$	(311,660,723)	
Net OPEB liability		<u>(241,655,629)</u>	(553,316,352)

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	\$	76,063,645	
Related to OPEB		<u>(29,003,769)</u>	47,059,876

Taxes that are not available to pay for current period expenditures are deferred in the funds. 2,347,318

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 and notes payable	\$	(53,755,000)	
Lease Liability Payable		(785,899)	
Accrued interest payable		(442,958)	
Compensated absences payable		(2,141,840)	
Premium on issuance of bonds		(1,190,858)	
Claims and judgments payable		<u>(2,423,295)</u>	<u>(60,739,850)</u>

Net position of governmental activities (Exhibit "A") \$ 191,356,405

RICHMOND 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	\$ 97,614,544	\$ -	\$ -	\$ 97,614,544
Sales Taxes	2,744,244	16,345,978	29,639,721	48,729,943
State Funds	182,086,997	3,265,191	-	185,352,188
Federal Funds	78,530,733	-	-	78,530,733
Charges for Services	488,009	-	-	488,009
Investment Earnings	344,358	178,207	63,268	585,833
Miscellaneous	2,133,278	-	-	2,133,278
Total Revenues	363,942,163	19,789,376	29,702,989	413,434,528
<u>EXPENDITURES</u>				
Current				
Instruction	198,326,488	7,648,803	-	205,975,291
Support Services				
Pupil Services	14,193,989	-	-	14,193,989
Improvement of Instructional Services	16,264,193	-	-	16,264,193
Educational Media Services	5,340,504	-	-	5,340,504
General Administration	4,275,700	25,333	-	4,301,033
School Administration	28,071,201	-	-	28,071,201
Business Administration	2,669,992	-	-	2,669,992
Maintenance and Operation of Plant	29,182,503	318,197	-	29,500,700
Student Transportation Services	12,934,316	1,197,562	-	14,131,878
Central Support Services	6,194,128	-	-	6,194,128
Other Support Services	1,406,993	-	-	1,406,993
Food Services Operation	17,562,297	-	-	17,562,297
Capital Outlay	75,371	28,584,490	-	28,659,861
Debt Services				
Principal	285,153	-	27,210,000	27,495,153
Dues and Fees	-	-	2,500	2,500
Interest	72,241	-	3,308,000	3,380,241
Total Expenditures	336,855,069	37,774,385	30,520,500	405,149,954
Revenues over (under) Expenditures	27,087,094	(17,985,009)	(817,511)	8,284,574
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Assets	5,000	14,666	-	19,666
Lease Liability Proceeds	849,471	-	-	849,471
Transfers In	-	29,637	29,189,125	29,218,762
Transfers Out	(29,637)	(29,189,125)	-	(29,218,762)
Total Other Financing Sources (Uses)	824,834	(29,144,822)	29,189,125	869,137
Net Change in Fund Balances	27,911,928	(47,129,831)	28,371,614	9,153,711
Fund Balances - Beginning as Previously Reported	22,599,465	65,873,973	161	88,473,599
Prior Period Adjustment (Note 14)	978,713	-	-	978,713
Fund Balances - Beginning	23,578,178	65,873,973	161	89,452,312
Fund Balances - Ending	\$ 51,490,106	\$ 18,744,142	\$ 28,371,775	\$ 98,606,023

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

RICHMOND COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 9,153,711

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	\$ 28,308,148	
Depreciation expense	<u>(19,815,818)</u>	8,492,330

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position. (2,534,072)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (211,702)

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.

Bond principal retirements		27,210,000
Amortization on bond premium		1,945,096
Lease liability proceeds		(849,471)
Lease liability payments		285,153

District pension 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 liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Net pension expense		(13,132,265)
Net OPEB expense		(11,509,872)

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.

Accrued interest on issuance of bonds	546,605	
Compensated absences	17,950	
Claims and judgments	<u>619,647</u>	<u>1,184,202</u>

Change in net position of governmental activities (Exhibit "B") \$ 20,033,110

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

NOTE 1: DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY

Reporting Entity

The Richmond County Board of Education (School System) 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 System 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 System 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 System 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 System's accounting policies are described below.

Basis of Presentation

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

1. **Net investment in capital assets** consists of the School System'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 System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School System'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 System

related to the administration and support of the School System'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 System's funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School System reports the following major governmental funds:

- The general fund is the School System'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 (sales) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide 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 System gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School System 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 System considers certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School System considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental

funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

New Accounting Pronouncements

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

In fiscal year 2021, the School System 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 System's financial statements.

In fiscal year 2021, the School System early adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The cumulative effect of GASB Statement No. 87 is described in the restatement note.

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 System to deposit its funds in one or more solvent banks, insured Federal savings and loan associations, or insured chartered building and loan associations.

Investments

The School System can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Investments made by the School System in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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.

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

Inventories

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the weighted average basis). The School System 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.

Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the statement of net position because their use is limited by applicable debt statutes, e.g., Qualified Zone Academy Bond sinking funds.

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 System does not capitalize book collections.

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.

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000	20 years
Buildings and Improvements	\$ 100,000	25 to 30 years
Equipment	\$ 5,000	5 to 30 years
Intangible Assets	\$ 1,000,000	5 years
Infrastructure	\$ 1,000,000	65 years
Vehicles	\$ 5,000	8 years
Works of Art	Any Amount	N/A

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.

Compensated Absences

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 12 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days. Upon terminating employment, the School System pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Systems. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School System's financial statements.

Long-Term Liabilities and Bond Discounts/Premiums

In the School System'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 effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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

Pensions

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

Postemployment 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 Postemployment 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.

Postemployment Benefits Other Than Pensions (SEAD-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 State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits 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 System'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 System'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 System'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.

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

Use of Estimates

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

Property Taxes

The Augusta-Richmond County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on August 28, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on Nov 16, 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 City of Augusta-Richmond County Board of Commissioners bills and collects the property taxes for the School System, withholds 2.50% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations amounted to \$87,435,336.

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

School Operations	<u>18.419</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$10,179,208, net of fees, 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 \$45,985,699 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

The budgetary process begins with the School System'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

System'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.

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds \$100,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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, CASH EQUIVALENTS AND INVESTMENTS

Collateralization of Deposits

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

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal

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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 System's deposits may not be returned to it. The School System has a formal deposit policy for custodial credit risk in place, wherein there will not be on deposit at any time in any depository for a time longer than 10 days a sum of public-derived money which has not been secured by surety bond, by guarantee of insurance, or by collateral in an amount of not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. At June 30, 2021, the School System had deposits with a carrying amount of \$78,913,932, and a bank balance of \$83,885,710. The bank balances insured by Federal depository insurance were \$459,357 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School System's name were \$0.

At June 30, 2021, \$83,426,353 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

The School System 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.

At June 30, 2021, \$83,426,353 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ -
Uninsured with collateral held by the pledging financial institution	-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School System's name	<u>83,426,353</u>
Total	<u><u>\$ 83,426,353</u></u>

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

Cash and cash equivalents	
Statement of Net Position	\$ 83,186,891
Total cash and cash equivalents	83,186,891
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	4,272,959
Total carrying value of deposits - June 30, 2021	\$ 78,913,932

Categorization of Cash Equivalents

The School System reported cash equivalents of \$4,272,959 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 AAf 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 System 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>.

Categorization of Investments

At June 30, 2021, the School System had the following investments:

Investment Type	Fair Value
Other Investments	
Equity Securities - Domestic	\$ 117,459

Fair Value of Investments

The School System measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2021, the School System had the following investments by fair value level:

Equity Mutual Funds - Domestic of \$117,459 are valued using quoted market prices. (Level 1 inputs)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School System's policy for managing interest rate risk is to maintain an investment portfolio designed to attain a market-average rate of return throughout budgetary and economic cycles, considering the investment risk and cash flow requirements.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School System will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School System's policy for managing custodial credit risk is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the School System and conforming to all state and local statutes governing the investment of local funds.

As of June 30, 2021, the School System did not have any investments to which this risk would apply.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School System's policy for managing credit quality risk is in line with the authorities granted under O.C.G.A. §36-83-4. The Superintendent or designee may authorize the investment of proceeds derived from the sale of general obligation bonds in any of the instruments authorized under O.C.G.A. §36-82-7, and may authorize investment of idle surplus funds to the extent practical in qualifying assets.

As of June 30, 2021, the School System did not have any investments to which this risk would apply.

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NOTE 5: CAPITAL ASSETS

	Balances July 1, 2020	Adjustments	Restated Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Governmental Activities						
Capital Assets, Not Being Depreciated:						
Works of Art	\$ 42,000	\$ -	\$ 42,000	-	\$ -	\$ 42,000
Land	16,407,989	-	16,407,989	17,962	-	16,425,951
Construction in Progress	46,384,642	-	46,384,642	26,781,440	38,242,596	34,923,486
Total Capital Assets Not Being Depreciated	62,834,631	-	62,834,631	26,799,402	38,242,596	51,391,437
Capital Assets Being Depreciated						
Buildings and Improvements	798,777,960	-	798,777,960	38,242,596	5,693,413	831,327,143
Equipment	66,031,665	-	66,031,665	1,433,375	1,141,456	66,323,584
Right-To-Use Equipment	-	428,383	428,383	75,371	-	503,754
Land Improvements	24,905,918	-	24,905,918	-	-	24,905,918
Total Capital Assets Being Depreciated	889,715,543	428,383	890,143,926	39,751,342	6,834,869	923,060,399
Less Accumulated Depreciation for:						
Buildings and Improvements	238,397,430	-	238,397,430	15,559,175	3,389,369	250,567,236
Equipment	49,127,671	-	49,127,671	3,142,904	1,051,428	51,219,147
Land Improvements	13,943,776	-	13,943,776	958,649	-	14,902,425
Less Accumulated Amortization for:						
Right-To-Use Equipment	-	208,548	208,548	155,090	-	363,638
Total Capital Assets, Being Depreciated, Net	588,246,666	219,835	588,466,501	19,935,524	2,394,072	606,007,953
Governmental Activities Capital Assets - Net	\$ 651,081,297	\$ 219,835	\$ 651,301,132	46,734,926	\$ 40,636,668	\$ 657,399,390

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

Instruction		\$ 3,304,977
Support Services		
Pupil Services	\$ 553,650	
Improvements of Instructional Services	851	
Educational Media Services	218,123	
General Administration	4,519	
School Administration	680,753	
Business Administration	137,558	
Maintenance and Operation of Plant	12,064,940	
Student Transportation Services	1,052,454	
Central Support Services	252,253	
Other Support Services	736,163	
Community Services	6,567	15,707,831
Food Services		803,010
		<u>\$ 19,815,818</u>

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NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

Interfund Assets and Liabilities

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,447,971	\$ -
Capital Projects Fund	<u>-</u>	<u>3,447,971</u>
	<u><u>\$ 3,447,971</u></u>	<u><u>\$ 3,447,971</u></u>

Interfund assets and liabilities are used to record amounts due to the General Fund for invoices paid on behalf of the Capital Projects Fund and not yet reimbursed at year-end.

Interfund Transfers

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

<u>Transfers to</u>	<u>General Fund</u>	<u>Transfers From Capital Projects Fund</u>	<u>Total</u>
Capital Projects Fund	\$ 29,637	\$ -	\$ 29,637
Debt Service Fund	<u>-</u>	<u>29,189,125</u>	<u>29,189,125</u>
Total	<u><u>\$ 29,637</u></u>	<u><u>\$ 29,189,125</u></u>	<u><u>\$ 29,218,762</u></u>

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

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NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities						Due Within One Year
	Balance July 1, 2020	Adjustment	Restated Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	
General Obligation (G.O.) Bonds	\$ 80,965,000	\$ -	\$ 80,965,000	\$ -	\$ 27,210,000	\$ 53,755,000	\$ 28,695,000
Unamortized Bond Premiums	3,135,954	-	3,135,954	-	1,945,096	1,190,858	1,003,764
Leases	-	221,581	221,581	849,471	285,153	785,899	223,986
Compensated Absences (1)	2,159,790	-	2,159,790	1,082,347	1,100,297	2,141,840	-
	<u>\$ 86,260,744</u>	<u>221,581</u>	<u>86,482,325</u>	<u>\$ 1,931,818</u>	<u>\$ 30,540,546</u>	<u>\$ 57,873,597</u>	<u>\$ 29,922,750</u>

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

General Obligation Debt Outstanding

The School System'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 System repays general obligation bonds from voter-approved sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School System.

During the current year, the Richmond County voters approved the issuance of general obligation debt in an aggregate principal amount of up to \$161,425,000 for the primary purpose of acquiring or constructing capital facilities. The School System will repay the general obligation bonds from voter-approved sales taxes.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	2.00% - 5.00%	2017	2022	\$ 131,230,000	\$ 53,755,000

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond
	Principal	Interest	Premium
2022	28,695,000	1,940,375	1,003,764
2023	25,060,000	611,500	187,094
Total Principal and Interest	<u>\$ 53,755,000</u>	<u>\$ 2,551,875</u>	<u>\$ 1,190,858</u>

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Leases Payable

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

	<u>Governmental Activities</u>
Right-To-Use Equipment	\$ 503,754
Less: Accumulated Amortization	<u>363,638</u>
	<u>\$ 140,116</u>

Leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Monthly Principal and Interest</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
MFP Copiers	9.89%	7/22/2020	6/22/2025	\$ 17,856	\$ 849,471	\$ 705,485
Postage Machines	1.00%	10/1/2019	9/30/2024	894	16,126	10,843
Printshop Copiers	1.00%	1/1/2019	12/31/2021	<u>11,629</u>	<u>412,257</u>	<u>69,571</u>
				<u>\$ 30,379</u>	<u>\$ 1,277,854</u>	<u>\$ 785,899</u>

The following is a schedule of total lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 223,986	\$ 63,632
2023	170,200	47,646
2024	187,609	30,236
2025	<u>204,104</u>	<u>11,060</u>
Total Principal and Interest	<u>\$ 785,899</u>	<u>\$ 152,574</u>

Compensated Absences

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the general fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

The School System 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 System 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.

Georgia School Boards Association Risk Management Fund

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

Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School System. The School System 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. An excess coverage insurance policy covers individual claims in excess of \$1,000,000 loss per occurrence, and up to \$2,000,000.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	\$ 2,835,342	\$ 1,446,040	\$ 1,238,440	\$ 3,042,942
2021	\$ 3,042,942	\$ 435,345	\$ 1,054,992	\$ 2,423,295

Unemployment Compensation

The School System is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School System. The School System 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	\$ -	\$ 13,896	\$ 13,896	\$ -
2021	\$ -	\$ 294,901	\$ -	\$ 294,901

The School System elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

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Surety Bond

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

Position Covered	Amount
Superintendent	\$ 50,000
President	\$ 50,000
Vice President	\$ 50,000
Controller	\$ 50,000
Deputy Superintendent	\$ 50,000
Director of Budget and Finance	\$ 20,000
Accounting Supervisors	\$ 20,000
Accounting and Professional Learning Bookkeepers	\$ 10,000
Each Principal	\$ 5,000
Each School Bookkeeper	\$ 5,000
Each High School Business Manager	\$ 5,000
Each Lunchroom Manager	\$ 5,000

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

FUND BALANCES

Nonspendable		
Inventories	\$ 859,911	
Prepaid Assets	69,854	\$ 929,765
<hr/>		
Restricted		
Continuation of Federal Programs	\$ 2,563,735	
Capital Projects	18,744,142	
Debt Service	28,371,775	
Other (Buses)	231,660	
Other (Scholarships)	120,267	50,031,579
<hr/>		
Committed		
School Activity Accounts	\$ 2,250,770	
Other (Employee Benefits)	949,093	3,199,863
<hr/>		
Unassigned		44,444,816
<hr/>		
Fund Balance, June 30, 2021	\$	98,606,023
<hr/>		

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

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 5-10% of prior year general fund budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School System shall develop a restoration plan to achieve and maintain the minimum fund balance.

NOTE 10: SIGNIFICANT COMMITMENTS

Commitments Under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School System as of June 30, 2021, together with funding available:

Project	Project Number	Unearned Executed Contracts (1)	Payments through June 30, 2021 (2)	Funding Available From State (1)
Academy of Richmond County	B-17-006-4060	\$ 1,305,949	\$ 14,331,616	\$ 20,769
Davidson Fine Arts Academy	B-17-004-4562.2	1,179,325	4,838,204	1,045,458
Glenn Hills High	B-19-015-4064	485,330	1,385,383	298,725
Hephzibah Elementary	B-20-021-1602	603,279	195,376	526,502
Hephzibah High	B-18-011-2056	7,969,443	2,372,000	-
Richmond Hill K-8	B-17-010-3062.5	1,037,293	912,707	-
Terrace Manor Elementary	B-18-012-4330	953,772	69,346	602,836
Westside High	B-19-016-2574	2,674,016	1,322,401	-
		<u>\$ 16,208,407</u>	<u>\$ 25,427,033</u>	<u>\$ 2,494,290</u>

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

(2) Payments include Contracts and Retainages Payable at year end.

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

The School System is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School System 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 System.

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 System as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund 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 System were \$6,165,056 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2021, the School System reported a liability of \$241,690,475 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 System'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 System's proportion was 1.645533%, which was an increase (decrease) of 0.018303% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized OPEB expense of \$5,348,143. At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 26,385,096
Changes of assumptions	39,970,237	21,505,254
Net difference between projected and actual earnings on OPEB plan investments	629,937	-
Changes in proportion and differences between School System contributions and proportionate share of contributions	2,291,849	17,842,097
School System contributions subsequent to the measurement date	<u>6,165,056</u>	<u>-</u>
Total	<u>\$ 49,057,079</u>	<u>\$ 65,732,447</u>

School System 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:	<u>OPEB</u>
2022	\$ (2,891,031)
2023	\$ (9,072,992)
2024	\$ (7,084,425)
2025	\$ (2,161,660)
2026	\$ 2,952,392
2027	\$ 1,582,348
Thereafter	\$ -

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%

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Medicare Eligible	5.25%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

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

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death after service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death prior to retirement. 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 was based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.

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

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

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

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

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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	ERS/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 has changed since the prior measurement date from 3.58% to 2.22%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2022. Therefore, the calculated discount rate of 2.22% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School System's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School System's proportionate share of the net OPEB liability calculated using the discount rate of 2.22%, as well as what the School System'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 System's proportionate share of the Net OPEB liability	\$ 283,946,435	\$ 241,690,475	\$ 207,897,510

Sensitivity of the School System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the School System's proportionate share of the net OPEB liability, as well as what the School System'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	1% Increase
School System's proportionate share of the Net OPEB liability	\$ 201,231,615	\$ 241,690,475	\$ 294,072,947

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>.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (SEAD – OPEB)

Plan description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the School System reported an asset of \$34,846 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2019. An expected total OPEB asset as of June 30, 2020 was determined using standard roll-forward techniques. The School System's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2020. At June 30, 2020, the School System's proportion was 0.012269%, which was a decrease of 0.001421% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized OPEB expense of \$(3,327). At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SEAD-OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9	\$ 324
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	618	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,120	713
School District contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,747</u>	<u>\$ 1,037</u>

The School System 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:	SEAD-OPEB
2022	\$ (272)
2023	\$ 683
2024	\$ 727
2025	\$ 572
2026	\$ -
Thereafter	\$ -

Actuarial assumptions: The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

SEAD - OPEB:

Inflation	2.75%
Salary increases:	
ERS	3.25% - 7.00%
GJRS	4.50%
LRS	N/A
Investment rate of return	7.30%, net of OPEB plan investment expense, including inflation

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Healthcare cost trend rate N/A

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

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

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 plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* Rates shown are net of inflation

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

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 7.30 %, 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 (6.30 %) or 1- percentage-point higher (8.30 %) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School District's proportionate share of the net OPEB asset	\$ (19,329)	\$ (34,846)	\$ (47,638)

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 13: RETIREMENT PLANS

The School System 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 System as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple- employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. 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 System's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School System payroll, of which 99.82% of payroll was required from the School System and 0.18% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$33,493,032 and \$492,509 from the School System and the State, respectively.

Employees' Retirement System

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

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

retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

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

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

Contributions: Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200.00, plus 6.00% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School System's total required contribution rate for the year ended June 30, 2021 was 24.66% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$29,289 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

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

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

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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 \$709,996.

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

At June 30, 2021, the School System reported a liability of \$311,660,723 for its proportionate share of the net pension liability for TRS (\$311,416,340) and ERS (\$244,383).

The TRS net pension liability reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System 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 System were as follows:

School District's proportionate share of the net pension liability	\$ 311,416,340
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>244,383</u>
Total	<u>\$ 311,660,723</u>

The net pension liability for TRS and ERS 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 System's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2020.

At June 30, 2020, the School System's TRS proportion was 1.285574%, which was an increase of 0.003148% from its proportion measured as of June 30, 2019. At June 30, 2020, the School System's ERS proportion was 0.005798%, which was a decrease of 0.001290% from its proportion measured as of June 30, 2019.

At June 30, 2021, the School System 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 System is \$3,805,288.

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 System 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 System recognized pension expense of \$46,603,159 for TRS, \$27,228 for ERS and \$765,754 for PSERS and revenue of \$492,509 for TRS and \$765,754 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

RICHMOND COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,562,279	\$ -	\$ 2,977	\$ -
Changes of assumptions	32,076,241	-	-	-
Net difference between projected and actual earnings on pension plan investments	7,500,514	-	3,452	-
Changes in proportion and differences between School System contributions and proportionate share of contributions	464,558	11,043,933	2,636	27,400
School System contributions subsequent to the measurement date	33,493,032	-	29,289	-
Total	<u>\$ 87,096,624</u>	<u>\$ 11,043,933</u>	<u>\$ 38,354</u>	<u>\$ 27,400</u>

The School System 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	ERS
2022	\$ 39,838,131	\$ 11,211
2023	\$ 13,487,908	\$ (7,283)
2024	\$ 15,480,069	\$ 4,006
2025	\$ 7,246,583	\$ 3,020
2026	\$ -	\$ -
Thereafter	\$ -	\$ -

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

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EXHIBIT "G"

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.

Employees' Retirement System:

Inflation	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP- 2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for 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 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

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 increases	benefit1.50% 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

RICHMOND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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EXHIBIT "G"

selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

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

Asset class	TRS Target allocation	ERS/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 ERS and 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, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School System's proportionate share of the net pension liability to changes in the discount rate: The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.30%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% and 6.30%) or 1-percentage-point higher (8.25% and 8.30%) than the current rate:

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EXHIBIT "G"

Teachers Retirement System:	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School System's proportionate share of the net pension liability	\$ 493,831,976	\$ 311,416,340	\$ 161,887,821

Employees' Retirement System:	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
School System's proportionate share of the net pension liability	\$ 343,804	\$ 244,383	\$ 159,539

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

Defined Contribution Plan

In November 1999, the School System 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 System selected Variable Annuity Life Insurance Company (VALIC) 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 five years of experience. Employees who had already achieved five years of experience at the time the plan was implemented were vested upon enrollment.

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

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2021	100%	\$ 300,423
2020	100%	\$ 312,327
2019	100%	\$ 296,747

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

For fiscal year 2021, the School System made prior period adjustments due to the adoption of GASB Statement No. 84 and GASB Statement No. 87, as described in "New Accounting Pronouncements," which requires the restatement of the June 30, 2020 net position in governmental activities and fund balance in the general fund. These changes are in accordance with generally accepted accounting principles.

RICHMOND COUNTY BOARD OF EDUCATION
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Net Position, July 1, 2020, as previously reported	\$ 170,346,328
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification	978,713
Prior Period Adjustment - Implementation of GASB No. 87: Leases	<u>(1,746)</u>
Net Postion, July 1, 2020, as restated	<u>\$ 171,323,295</u>
Fund Balance (General Fund), July 1, 2020, as previously reported	\$ 22,599,465
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification	<u>978,713</u>
Fund Balance (General Fund), July 1, 2020, as restated	<u>\$ 23,578,178</u>
Net Position (Fiduciary Funds), July 1, 2020, as previously reported	\$ 978,713
Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position	<u>(978,713)</u>
Net Position (Fiduciary Funds), July 1, 2020, as restated	<u>\$ -</u>

Net position in Governmental Activities and fund balance in the General Fund as of July 1, 2020 have been restated for implementation of GASB 84 and GASB 87. These changes are in accordance with generally accepted accounting principles.

NOTE 15: TAX ABATEMENTS

Richmond 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 Richmond County.

For the fiscal year ended June 30, 2021, Richmond County abated property taxes due to the School System that were levied on Aug 28, 2020 and due on Nov 16, 2020 totaling \$944,332. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10.00% percent of the total amount abated:

- A 100 percent property tax abatement to a Tax Allocation District (TAD 2) employing residents. The TAD provides an abatement of taxes in the amount of \$601,491.
- A 100 percent property tax abatement to a Tax Allocation District (TAD 3) employing residents. The TAD provides an abatement of taxes in the amount of \$342,841.

RICHMOND COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

NOTE 16: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters authorized the School System to issue general obligation bonds in the amount of \$74,655,000. The proceeds from these bonds will be used for General obligation bonds to acquire, renovate, and construct capital facilities. The School System has issued \$74,655,000 of these bonds as of the report date.

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

SCHEDULE "1"

Year Ended	School System's proportion of the net pension liability	School System's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School System	Total	School System's covered payroll	School System's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	1.29%	\$ 311,416,340	\$ 646,779	\$ 312,063,119	\$ 175,986,671	176.95%	77.01%
2020	1.28%	\$ 275,756,267	\$ 573,047	\$ 276,329,314	\$ 166,173,980	165.94%	78.56%
2019	1.34%	\$ 249,114,897	\$ 583,779	\$ 249,698,676	\$ 156,868,021	158.81%	80.27%
2018	1.39%	\$ 258,854,125	\$ 2,859,350	\$ 261,713,475	\$ 162,629,880	159.17%	79.33%
2017	1.42%	\$ 292,228,603	\$ 3,992,533	\$ 296,221,136	\$ 165,244,807	176.85%	76.06%
2016	1.44%	\$ 219,730,377	\$ 3,042,061	\$ 222,772,438	\$ 155,958,419	140.89%	81.44%
2015	1.49%	\$ 188,706,514	\$ 2,631,975	\$ 191,338,489	\$ 154,846,238	121.87%	84.03%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "2"

<u>Year Ended</u>	<u>School System's proportion of the net pension liability</u>	<u>School System's proportionate share of the net pension liability</u>	<u>School System's covered payroll</u>	<u>School System's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of total net pension liability</u>
2021	0.005798%	\$ 244,383	\$ 118,770	205.76%	76.21%
2020	0.006927%	\$ 285,845	\$ 146,195	195.52%	76.74%
2019	0.006633%	\$ 272,685	\$ 174,629	156.15%	76.68%
2018	0.006458%	\$ 262,281	\$ 169,434	154.80%	76.33%
2017	0.004710%	\$ 222,803	\$ 181,731	122.60%	72.34%
2016	0.003872%	\$ 156,870	\$ 141,105	111.17%	76.20%
2015	0.003339%	\$ 125,233	\$ 86,574	144.65%	77.99%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "3"

Year Ended	School System's proportion of the net pension liability	School System's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School System	Total	School System's covered payroll	School System's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00%	\$ -	\$ 3,805,288	\$ 3,805,288	\$ 15,546,739	N/A	84.45%
2020	0.00%	\$ -	\$ 3,493,102	\$ 3,493,102	\$ 16,221,989	N/A	85.02%
2019	0.00%	\$ -	\$ 3,707,324	\$ 3,707,324	\$ 16,082,071	N/A	85.26%
2018	0.00%	\$ -	\$ 3,565,584	\$ 3,565,584	\$ 18,668,558	N/A	85.69%
2017	0.00%	\$ -	\$ 4,330,927	\$ 4,330,927	\$ 21,691,771	N/A	81.00%
2016	0.00%	\$ -	\$ 2,704,777	\$ 2,704,777	\$ 14,721,301	N/A	87.00%
2015	0.00%	\$ -	\$ 2,429,212	\$ 2,429,212	\$ 12,766,477	N/A	88.29%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 SCHOOL OPEB FUND
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "4"

Year Ended	School System's proportion of the net OPEB liability	School System's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School System	Total	School System's covered-employee payroll	School System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	1.64553%	\$ 241,690,475	\$ -	\$ 241,690,475	\$ 154,303,914	156.63%	3.99%
2020	1.62723%	\$ 199,696,033	\$ -	\$ 199,696,033	\$ 138,246,787	144.45%	4.63%
2019	1.74795%	\$ 222,159,208	\$ -	\$ 222,159,208	\$ 125,044,442	177.66%	2.93%
2018	1.74795%	\$ 248,008,625	\$ -	\$ 248,008,625	\$ 143,158,148	173.24%	1.61%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
 SEAD-OPEB
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "5"

<u>Year Ended</u>	<u>School System's proportion of the net OPEB liability (asset)</u>	<u>School System's proportionate share of the net OPEB liability (asset)</u>	<u>School System's covered payroll</u>	<u>School System's proportionate share of the net OPEB liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of total OPEB liability (asset)</u>
2021	-0.01227%	\$ (34,846)	\$ 120,620	-28.89%	129.20%
2020	-0.01369%	\$ (38,711)	\$ 131,842	-29.36%	129.73%
2019	-0.01222%	\$ (33,078)	\$ 174,629	-18.94%	129.46%
2018	-0.01088%	\$ (28,272)	\$ 116,419	-24.28%	130.17%

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

RICHMOND COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

SCHEDULE "6"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 33,493,032	\$ 33,493,032	\$ -	\$ 175,986,671	19.03%
2020	\$ 35,063,017	\$ 35,063,017	\$ -	\$ 166,173,980	21.10%
2019	\$ 32,679,487	\$ 32,679,487	\$ -	\$ 156,868,021	20.83%
2018	\$ 27,879,425	\$ 27,879,425	\$ -	\$ 162,629,880	17.14%
2017	\$ 23,112,521	\$ 23,112,521	\$ -	\$ 165,244,807	13.99%
2016	\$ 22,255,266	\$ 22,255,266	\$ -	\$ 155,958,419	14.27%
2015	\$ 20,034,076	\$ 20,034,076	\$ -	\$ 154,846,238	12.94%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "7"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 29,289	\$ 29,289	\$ -	\$ 118,770	24.66%
2020	\$ 36,052	\$ 36,052	\$ -	\$ 146,195	24.66%
2019	\$ 43,273	\$ 43,273	\$ -	\$ 174,629	24.78%
2018	\$ 41,289	\$ 41,289	\$ -	\$ 169,434	24.37%
2017	\$ 43,930	\$ 43,930	\$ -	\$ 181,731	24.17%
2016	\$ 27,153	\$ 27,153	\$ -	\$ 141,105	19.24%
2015	\$ 19,440	\$ 19,440	\$ -	\$ 86,574	22.45%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SCHOOL OPEB FUND
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "8"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2021	\$ 6,165,056	\$ 6,165,056	\$ -	\$ 154,303,914	4.00%
2020	\$ 5,564,809	\$ 5,564,809	\$ -	\$ 138,246,787	4.03%
2019	\$ 8,763,763	\$ 8,763,763	\$ -	\$ 125,044,442	7.01%
2018	\$ 9,059,466	\$ 9,059,466	\$ -	\$ 143,158,148	6.33%

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

RICHMOND COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SEAD-OPEB
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "9"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2021	\$ -	\$ -	\$ -	\$ 120,620	0.00%
2020	\$ -	\$ -	\$ -	\$ 131,842	0.00%
2019	\$ -	\$ -	\$ -	\$ 174,629	0.00%
2018	\$ -	\$ -	\$ -	\$ 116,419	0.00%

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

Teachers Retirement System

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

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

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

Employees' Retirement System

Changes of benefit terms:

- A new benefit tier was added for members joining the System on and after July 1, 2009.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases.

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 the 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.

Public School Employees 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.

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.

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 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, and back to 3.58% as of June 30, 2019.

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

SCHEDULE "11"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	\$ 95,250,000	\$ 95,250,000	\$ 97,614,544	\$ 2,364,544
Sales Taxes	1,250,000	1,250,000	2,744,244	1,494,244
State Funds	170,869,362	179,825,623	182,086,997	2,261,374
Federal Funds	68,356,168	82,579,314	78,530,733	(4,048,581)
Charges for Services	1,327,054	1,327,054	488,009	(839,045)
Investment Earnings	122,000	122,000	344,358	222,358
Miscellaneous	1,372,055	1,454,552	2,133,278	678,726
Total Revenues	338,546,639	361,808,543	363,942,163	2,133,620
EXPENDITURES				
Current				
Instruction	190,756,941	210,051,789	198,326,488	11,725,301
Support Services				
Pupil Services	15,932,267	14,082,513	14,193,989	(111,476)
Improvement of Instructional Services	19,298,811	16,741,166	16,264,193	476,973
Educational Media Services	5,285,749	5,340,446	5,340,504	(58)
General Administration	5,274,328	5,368,394	4,275,700	1,092,694
School Administration	26,662,631	27,003,554	28,071,201	(1,067,647)
Business Administration	2,655,147	2,689,156	2,669,992	19,164
Maintenance and Operation of Plant	28,834,177	30,030,027	29,182,503	847,524
Student Transportation Services	14,532,501	14,673,703	12,934,316	1,739,387
Central Support Services	6,423,063	6,577,551	6,194,128	383,423
Other Support Services	122,900	608,992	1,406,993	(798,001)
Community Services	-	-	-	-
Food Services Operation	22,768,124	23,095,683	17,562,297	5,533,386
Capital Outlay	-	-	75,371	(75,371)
Debt Service				
Redemption of Principal	-	-	285,153	(285,153)
Interest	-	-	72,241	(72,241)
Total Expenditures	338,546,639	356,262,974	336,855,069	19,407,905
Excess of Revenues over (under) Expenditures	-	5,545,569	27,087,094	21,541,525
OTHER FINANCING SOURCES (USES)				
Sale or Compensation for the Loss of Capital Assets	-	-	5,000	5,000
Lease Liability Proceeds	-	-	849,471	849,471
Operating Transfers from Other Funds	-	-	-	-
Operating Transfers to Other Funds	-	(29,637)	(29,637)	-
Total Other Financing Sources (Uses)	-	(29,637)	824,834	854,471
Net Change in Fund Balances	-	5,515,932	27,911,928	22,395,996
Fund Balances - Beginning (as restated)	-	-	23,578,178	23,578,178
Fund Balances - Ending	\$ -	\$ 5,515,932	\$ 51,490,106	\$ 45,974,174

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 (\$0) or expenditures (\$0) of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$654,177 and \$642,287, 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.

See notes to the basic financial statements.

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

SCHEDULE "12"

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	(1)
National School Lunch Program	10.555	215GA324N1199	\$ 15,422,927 (1)(3)
Special Milk Program for Children	10.556	215GA324N1199	1,426,868
Child Nutrition Discretionary Grants Limited Availability	10.579	215GA350N8103	45,198
Total Child Nutrition Cluster			<u>16,894,993</u>
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	215GA324L1603	122,743
Total Other Programs			<u>122,743</u>
Total U. S. Department of Agriculture			<u>17,017,736</u>
Education, U. S. Department of			
Direct			
Impact Aid			(2)
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	23,152,238
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	7,213,205
Total Education Stabilization Fund			<u>30,365,443</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	6,836,448
Preschool Grants	84.173A	H173A200081	144,536
Total Special Education Cluster			<u>6,980,984</u>
Other Programs			
Direct			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	447,332
Education for Homeless Children and Youth	84.196A	S196A190011	9,346
Education for Homeless Children and Youth	84.196A	S196A200011	32,679
English Language Acquisition State Grants	84.365A	S365A190010	1,407
English Language Acquisition State Grants	84.365A	S365A200010	56,912
Student Support and Academic Enrichment Program	84.424A	S424A190001	518,394
Student Support and Academic Enrichment Program	84.424A	S424A200011	846,043
Supporting Effective Instruction State Grants	84.367A	S367A190001	135,823
Supporting Effective Instruction State Grants	84.367A	S367A200001	1,535,132
Title I Grants to Local Educational Agencies	84.010A	S010A190010	1,113,924
Title I Grants to Local Educational Agencies	84.010A	S010A200010	17,819,592
Twenty-First Century Community Learning Centers	84.287C	S287C190010	9,740
Twenty-First Century Community Learning Centers	84.287C	S287C200010	602,893
Total Other Programs			<u>23,129,217</u>
Total U. S. Department of Education			<u>60,475,644</u>
Justice, U. S. Department of			
Pass-Through From Children and Youth Coordinating Council			
Stop School Violence and Mental Health Training Program	16.839	BJA-2019-15117	36,929
Treasury, U.S. Department of the			
Pass-Through From GEMA			
COVID-19 - Coronavirus Relief Fund	21.019		133,294
Total U. S. Department of the Treasury			<u>133,294</u>

See notes to the basic financial statements.

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

SCHEDULE "12"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Defense, U. S. Department of Direct			
Department of the Marines R.O.T.C. Program	12.UNKNOWN		67,496
Department of the Air Force R.O.T.C. Program	12.UNKNOWN		88,536
Department of the Army R.O.T.C. Program	12.UNKNOWN		175,077
Department of the Navy R.O.T.C. Program	12.UNKNOWN		185,972
Total U. S. Department of Defense			<u>517,081</u>
 Total Expenditures of Federal Awards			 <u>\$ 78,180,684</u>

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 Richmond 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.

- (1) Expenditures for the funds earned on the Snack Program (\$30,592) and the School Breakfast Program (\$5,208,233) were not maintained separately and are included in the 2021 National School Lunch Program.
- (2) Funds earned on the Impact Aid Program, in the amount of (\$644,396), do not require reporting of expenditures.
- (3) During the year ended June 30, 2021, program income and federal funds related to the Child Nutrition Cluster were comingled and are included in the accompanying schedule of federal awards.

See notes to the basic financial statements.

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

SCHEDULE "13"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 5,344,872	\$ -	\$ 5,344,872
Summer Transition Program	79,762	-	79,762
Education, Georgia Department of			
Quality Basic Education (1)			
Direct Instructional Cost			
Kindergarten Program	5,330,201	-	5,330,201
Kindergarten Program - Early Intervention Program	7,889,448	-	7,889,448
Primary Grades (1-3) Program	16,700,495	-	16,700,495
Primary Grades - Early Intervention (1-3) Program	18,760,230	-	18,760,230
Upper Elementary Grades (4-5) Program	9,038,587	-	9,038,587
Upper Elementary Grades - Early Intervention (4-5) Program	9,665,606	-	9,665,606
Middle School (6-8) Program	23,502,344	-	23,502,344
High School General Education (9-12) Program	19,501,966	-	19,501,966
Vocational Laboratory (9-12) Program	5,238,531	-	5,238,531
Students with Disabilities	28,795,425	-	28,795,425
Gifted Student - Category VI	5,147,365	-	5,147,365
Remedial Education Program	3,166,159	-	3,166,159
Alternative Education Program	1,623,753	-	1,623,753
English Speakers of Other Languages (ESOL)	814,872	-	814,872
Media Center Program	3,918,431	-	3,918,431
20 Days Additional Instruction	1,215,701	-	1,215,701
Staff and Professional Development	1,064,072	-	1,064,072
Principal Staff and Professional Development	18,027	-	18,027
Indirect Cost			
Central Administration	3,325,226	-	3,325,226
School Administration	9,092,083	-	9,092,083
Facility Maintenance and Operations	8,497,765	-	8,497,765
Categorical Grants			
Pupil Transportation			
Regular	2,693,934	-	2,693,934
Bus Replacement	231,660	-	231,660
Nursing Services	633,862	-	633,862
Vocational Supervisors	27,298	-	27,298
Education Equalization Funding Grant	17,963,158	-	17,963,158
Other State Programs			
Food Services	555,926	-	555,926
GNETS State Grant	1,235,770	-	1,235,770
Hygiene Products in Georgia Schools	21,045	-	21,045
Math and Science Supplements	163,108	-	163,108
Preschool Disability Services	303,998	-	303,998
Pupil Transportation - State Bonds	308,880	-	308,880
Residential Treatment Centers Grant	236,604	-	236,604
School Security Grant	17,913	-	17,913
Striving Readers - Birth-5	22,265	-	22,265
Striving Readers - Elementary	35,500	-	35,500
Striving Readers - High	158,359	-	158,359
Striving Readers - Middle	71,948	-	71,948
Teachers Retirement	61,324	-	61,324
Vocational Education	162,849	-	162,849
Governor's Office of Student Achievement			
Graduates Ready to Attain Success in Postsecondary	40,618	-	40,618
Office of the State Treasurer			
Public School Employees Retirement	709,996	-	709,996
	<u>213,386,936</u>	<u>-</u>	<u>213,386,936</u>
OTHER			
QBE Contra Account			
Local Fair Share (Current Year)	(26,231,276)	-	(26,231,276)
Total Quality Basic Education Formula Earnings (State and Local Funds)			
One Time QBE Adjustment	(5,068,663)	-	(5,068,663)
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	3,265,191	3,265,191
	<u>(31,299,939)</u>	<u>3,265,191</u>	<u>(28,034,748)</u>
	<u>\$ 182,086,997</u>	<u>\$ 3,265,191</u>	<u>\$ 185,352,188</u>

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School System are reported separately in the schedule above; however, the payments are part of the Quality Basic Education revenue allotments for the School System.

See notes to the basic financial statements.

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

	ORIGINAL ESTIMATED COST (1) (6)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
SPLOST 2017 (4)						
(a)(e) Acquiring, Constructing, Equipping New Elementary School and			\$ 1,029,803	\$ 87,710,927	\$ 88,740,730	Various
(b) Acquiring, Constructing, Equipping Additions to Facilities			26,785,679	32,300,896	59,086,575	Various
(c) Textbooks and Technology			7,648,803	12,564,519	20,213,322	Various
(d) School Buses and Vehicles			1,515,760	2,368,088	3,883,848	Various
(f) Interest on General Obligation Debt			3,308,000	17,439,313	20,747,313	October 2022
(g) Expenses for the Imposition of the SPLOST			-	35,553	35,553	June 2022
Total SPLOST 2017	\$ 225,000,000	\$ 225,000,000	\$ 40,288,045	\$ 152,419,296	\$ 192,707,341	
SPLOST 2021 (5)						
(a) Acquiring, Constructing, Equipping New School Buildings and Facilities			\$ 620,105	\$ -	\$ 620,105	Various
(b) Adding to Existing Schools and Replacing Furniture			56,569	-	56,569	Various
(c) Acquiring Technology and Computers			-	-	-	Various
(d) School Buses and Vehicles			-	-	-	Various
(e) Replacing Roofs, Heating, Ventilation and Air Conditioning			-	-	-	Various
(g) Acquiring Property Rights			-	-	-	Various
(h) Interest on General Obligation Debt			-	-	-	October 2025
(i) Expenses for the Imposition of the SPLOST			-	-	-	June 2025
Total SPLOST 2021	\$ 230,000,000	\$ 230,000,000	\$ 676,674	\$ -	\$ 676,674	
GRAND TOTAL	\$ 455,000,000	\$ 455,000,000	\$ 40,964,719	\$ 152,419,296	\$ 193,384,015	

NOTES

- (1) The School System's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School System's current estimate of total cost for the projects. Includes all costs from project inception to completion. The current estimated cost may increase over the original cost estimate as a result of increased tax collections and investment earnings.
- (3) The voters of Richmond County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes, and/or other funds over the life of the projects.
- (4) The purpose of the SPLOST issued in 2017 was for (a) acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith; (b) Acquiring, constructing, installing and equipping additions to existing schools, including without limitation new classroom space and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith; acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal; (c) Acquiring text books and technology hardware and software and equipment in connection with the foregoing; (d) acquiring, constructing, installing and equipping school buses and other vehicles for the safety, security and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof; (e) Demolishing existing buildings and facilities located on school property that are no longer useful for public school purposes; (f) To pay capitalized interest on the general obligation debt to be incurred and, (g) To pay or reimburse the expenses of the Board necessary to accomplish the foregoing, including the expenses of the Board incurred in connection with calling the election and imposing the SPLOST.
- (5) The purpose of the SPLOST issued in 2021 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith; (b) Adding to, renovating, removing, repairing, improving and equipping existing schools, including without limitation new classroom space, athletic facilities for physical and general educational purposes as well as interscholastic athletics, and new and existing theaters and auditoriums; (c) Acquiring technology hardware and software , including without limitation computers or computing devices for student use; (d) Acquiring school buses and other vehicles for the safety, security and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof; (e) Replacing roofs and heating, ventilation and air conditioning equipment throughout the School System; (f) Replacing furniture, fixtures and equipment at schools throughout the School System; (g) Acquiring the necessary property and rights in property therefor, both real and personal; (h) To pay capitalized interest on the general obligation debt to be incurred and, (i) To pay or reimburse the expenses of the Board necessary to accomplish the foregoing, including the expenses of the Board incurred in connection with calling the election and imposing the SPLOST.
- (6) The original estimated cost for the 2017 and 2021 SPLOSTs include estimated proceeds from the imposition of a 1% sales tax, state capital outlay funding, and other local funds.

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

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richmond County Board of Education as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Richmond County Board of Education's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Richmond County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Richmond County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Richmond County Board of Education's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Richmond County Board of Education'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia

January 31, 2022

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

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Richmond County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Richmond County Board of Education's major federal programs for the year ended June 30, 2021. Richmond County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Richmond County Board of Education'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 Richmond County Board of Education'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 Richmond County Board of Education's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Richmond County Board of Education 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 Richmond County Board of Education'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 Richmond County Board of Education'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 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.



SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia
January 31, 2022

RICHMOND COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Prior Year Findings and Questioned Costs - Financial Statement Audit

No matters were reported.

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

No matters were reported.

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

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Richmond County Board of Education were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Richmond County Board of Education, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Richmond County Board of Education expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
7. The programs tested as major programs included:

Child Nutrition Cluster:

School Breakfast Program (CFDA No. 10.553)
National School Lunch Program (CFDA No. 10.555)
Special Milk Program for Children (CFDA No. 10.556)
Child Nutrition Discretionary Grants Limited Availability (CFDA No. 10.579)

Education Stabilization Fund:

COVID-19 - Elementary and Secondary School Emergency Relief Fund (CFDA No. 84.425D)
COVID-19 – American Rescue Plan Elementary and Secondary School
Emergency Relief Fund (CFDA No. 84.425U)

8. The threshold used for distinguishing between Type A and Type B programs was \$2,345,421.
9. The Richmond County Board of Education was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

NONE

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

C. Findings and Questioned Costs - Major Federal Award Programs Audit

NONE