



Marietta
city schools

**BOARD OF EDUCATION
OF THE
CITY OF MARIETTA, GEORGIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**BOARD OF EDUCATION
OF THE
CITY OF MARIETTA, GEORGIA**

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

**Prepared by:
MCS Financial Services
Erin Franklin, CPA – Chief Financial Officer
Cynthia Leatherwood, CPA – Director of Accounting**

INTRODUCTORY SECTION
(unaudited)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (UNAUDITED)

Table of Contents	i and ii
Letter of Transmittal	iii-viii
Certificate of Achievement.....	ix
List of Principal Officials	x
Organizational Chart	xi

FINANCIAL SECTION

Independent Auditor's Report.....	1-4
Management's Discussion and Analysis	5-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	19
General Fund – Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual (GAAP Basis).....	20
Grant Fund – Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual (GAAP Basis).....	21
Notes to Financial Statements	22-56

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability - TRS.....	57
Schedule of Contributions - TRS	58
Schedule of Proportionate Share of Net Pension Liability – PSERS	59
Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund	60
Schedule of Contributions – School OPEB Fund	61
Notes to Required Supplementary Information	62

OTHER SUPPLEMENTARY SECTION

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	63 and 64
---	-----------

STATISTICAL SECTION (UNAUDITED)

Net Position by Component	65
Changes in Net Position	66
Fund Balances, Governmental Funds	67
Changes in Fund Balances, Governmental Funds	68
General Fund Governmental Revenues by Source.....	69
General Fund Governmental Expenditures by Function	70

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED)	
City of Marietta, Georgia - Assessed Value and Actual Value of Taxable Property	71
Direct and Overlapping Property Tax Rates	72
City of Marietta, Georgia – Principal Property Taxpayers	73
Property Tax Levies and Collections	74
Ratios of Outstanding Debt by Type	75
Direct and Overlapping Governmental Activities Debt	76
Legal Debt Margin Information	77
City of Marietta, Georgia – Demographic Statistics	78
City of Marietta, Georgia – Principal Employers	79
Full Time Equivalent (FTE) Positions	80-82
Number of Personnel and Ratio of Pupils to Professional Personnel.....	83
Teacher’s Salary Schedule	84
Operating Statistics	85
School Nutrition Program	86
School Buildings	87 and 88
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89 and 90
Independent Auditor’s Report on Compliance For Each Major Federal Program And Report on Internal Control Over Compliance Required By the Uniform Guidance	91 and 92
Schedule of Expenditures of Federal Awards	93 and 94
Schedule of Findings and Questioned Costs	95 and 96
Schedule of Prior Audit Findings	97

February 17, 2022

To the Honorable Members of the City of Marietta Board of Education
and the Citizens of Marietta, Georgia:

The Annual Comprehensive Financial Report (ACFR) of the City of Marietta Board of Education, Marietta, Georgia (the “School District”) for the fiscal year ended June 30, 2021, is submitted herewith. This report was prepared by the Financial Services Department and is intended to fulfill the requirements for audit prescribed by Georgia Statutes for local boards of education. Also, included in this ACFR is the Single Audit report which is issued to fulfill Single Audit Requirements of completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Financial Services Department prepared this report in conformance with the standards of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Government Finance Officers Association. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the School District. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain maximum understanding of the School District’s financial affairs have been included.

Mauldin & Jenkins, LLC, has issued an unmodified (“clean”) opinion on the School District’s financial statements for the fiscal year ended June 30, 2021. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) document immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Annual Comprehensive Financial Report is presented in four sections: 1) Introductory, 2) Financial, 3) Statistical, and 4) Single Audit. The Introductory section includes this transmittal letter, a list of principal officials, and an organization chart. The Financial section includes the basic financial statements as well as the unmodified opinion of independent public accountants on the basic financial statements. The Statistical section contains selected financial and demographic information, generally presented over a multi-year basis. The Single Audit section contains federal compliance information including schedules and auditor reports required for the District to comply with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Profile of the School District

The School District's boundaries are coterminous with those of the City of Marietta, Georgia (the "City"). Incorporated in 1834, the City of Marietta is the county seat for Cobb County, Georgia. On June 11, 2006, the National Civic League crowned the City of Marietta one of the 10 best communities in the nation as a 2006 All-America City, the oldest and most respected community recognition award in the country. Marietta received this honor again in 2020 for its community engagement surrounding the creation of Elizabeth Porter Park. *Marietta Reads!*, the School District and City-wide effort to foster reading and literacy in the community, successfully helped the City illustrate how the program has increased student test scores and book circulation.

Marietta is the only city in Cobb County which operates its schools separately from the Cobb County School District. The Georgia General Assembly provided for the creation of the independent school system on December 29, 1890 and the School District was approved by the voters of the City of Marietta in 1892. The school bell rang for the first time on September 5, 1892, as 733 students attended class in four different locations.

The School District is an independent public Prekindergarten (Prek) through 12th grade school system and is not considered a component unit of any other government. The School District provides all basic services required by Georgia State law and Georgia Department of Education policies. These services include: regular and special educational programs at the elementary, middle and secondary levels and additional services in preschool special education.

In June, 2008, the School District became one of Georgia's first Charter School Systems, which means the School District has a charter, or contract, with the State of Georgia to increase student achievement. Simply put, charter systems have increased flexibility to operate beyond state mandates and make adjustments in staffing, teaching methods, and management in exchange for higher accountability. While adhering to state curriculum, Charter Systems are permitted to utilize leading-edge educational programs and are given resources to implement these ideas.

Due to its high performance and innovative practices, the School District was selected as the Georgia Charter System Foundation's 2016 Charter System Innovator of the Year. The School District was acknowledged for the innovative Marietta Student Life Center, a program at Marietta High School that mobilizes staff members and partners within the community to equip students to graduate prepared and optimistic for their life journey. In 2019, the District opened the Emily Lembeck Early Learning Center, a pre-kindergarten program to serve as a launching pad for kindergarten readiness. The School District's charter was reapproved for an additional five years in 2018.

In 2008, the School District became the first International Baccalaureate (IB) World School District in Georgia, offering the IB continuum in grades K-12, one of only a few districts nationwide to do so. As an IB World School District, MCS offers the optional IB Primary Years Programme for grades K-5, IB Middle Years Programme for all students in grades 6-10, and the IB Diploma Programme as an option for high

school students in grades 11-12. Additionally, Marietta High School offers multiple industry-certified IB Career-related Certificates, a framework of international education that incorporates the vision and educational principles of IB into career-related learning.

Opening in 2020, the state of the art College & Career Academy at Marietta High School helps students jump start their future with career pathways in a variety of areas including construction, culinary arts, video production, nursing and architecture. The programs of study are designed to help students successfully enter the workforce or transition into postsecondary education opportunities by providing classes with rigorous academic standards, hands-on projects and labs and real-world learning based opportunities.

Other notable program services in the School District include Science, Technology, Engineering, Math (STEM) education, Choice Academies at the elementary level, an expanded governance model through local school councils, looping cohorts, teacher leadership academies, financial incentives for expanded roles in critical need areas, web based learning and assessments, 1:1 technology initiatives, community school programs and numerous other programs, which far exceed legal requirements.

The School District is governed by a Board of Education consisting of seven members elected by the registered voters of the City from seven wards within the City boundaries in nonpartisan elections. The Board Members serve four-year terms. Each year a Board Chairman and Board Vice-Chairman are elected from the membership.

Day to day administration of the School District is the responsibility of the Superintendent, who is appointed by the Board of Education for a contract term determined by the Board. The Superintendent acts as the Secretary and Treasurer of the Board of Education, ex-officio member.

The School District serves students at small neighborhood schools while providing the dynamics of an urban school district. As of June 30, 2021, there were 832 certificated and 423 classified personnel servicing an active enrollment of approximately 8,600 Prek through 12th grade students in the School District's one high school, one middle school, one sixth grade academy, one blended learning program, eight elementary schools and one pre-kindergarten school – one of which was the first certified STEM Magnet school in Georgia. STEM programs are also available in grades 6-12.

All of the School District's facilities have been well maintained and provide space to support the varied educational programs. A schedule of building information is provided in the statistical section of this report.

The School District has one of the highest levels of staff training and experience of any Prek-12 school system in Georgia. Approximately 70% of the teaching staff has obtained an education level of master's degree or higher. The School District fosters a continuing interest in professional and personal growth by providing staff development training at all levels. The high percentage of employees with advanced degrees and the high retention rate for teachers translates into a highly trained and qualified staff at every school.

The School District is accredited by AdvancED, currently known as Cognia. The School District earned initial district accreditation as a quality school system which is the highest level of accreditation that a school system can receive from this organization.

Local Economy

The City of Marietta is located in Cobb County, about 20 miles northwest of Atlanta, Georgia, one of the fastest growing economies in the United States. At 23 square miles, with a population exceeding 61,000, Marietta is the county's seat and largest city. Cobb County has become one of the most economically robust counties in Georgia. The region has significantly lower unemployment rates than most places in the United States and has led the nation in job creation several times over the last twenty years.

The business outlook for Marietta is favorable and there are several redevelopment projects underway in Marietta to foster small business growth and revitalize areas to create a stronger tax base. With a combined millage rate of 31.93 mills per thousand dollars of value (combined City, County and School), Marietta offers one of the lowest tax rates in the Metro Atlanta area.

The School District's gross property tax digest increased 30% from fiscal year 2017 to fiscal year 2021, which reflects the economic recovery taking place nationwide and the increasing real estate values within the City of Marietta. The tax digest currently provides 51% of the total general fund revenue. The digest is expected to increase gradually with new housing construction taking place and an increased commercial presence resulting from the City's redevelopment focus.

Relevant Financial Policies

The District's vision is for all students to learn to their fullest potential. In partnership with our families and the community, our mission is to prepare each student to maximize career, college, and life opportunities. The financial policies are designed to ensure there are adequate funds to support this vision and mission, by monitoring budgetary controls, consistently improving financial reporting, and implementing internal control systems in compliance with applicable federal and state laws and regulations.

The School Board established a fund balance policy to protect the financial condition of the School District and to meet the requirements of the Governmental Accounting Standards Board Statement 54. The policy defines the five categories of fund balance reported as nonspendable, restricted, committed, assigned and unassigned. The School Board determines the committed fund balance through board action, and delegates the assigned fund balance to the Superintendent or designee.

The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Capital Projects Funds are budgeted on a multi-year, project-length basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund.

COVID-19 Pandemic

The COVID-19 response from the School District can best be described as robust, comprehensive, and ongoing. The outpouring of generosity from the community enabled the District to keep students housed and fed, keep students connected, and keep students learning. The District delivered hundreds of thousands of breakfasts and lunches to students at 81 stops across 18 bus routes. Hundreds of volunteers each week helped make and distribute this food, while hundreds of individual donors and federal and private grants helped offset the unreimbursed costs of this program. Delivery and pick-up of 7-day meal kits for virtual students continued and weekend meal kits were distributed for in-person students.

Donations and grants to the Connect-A-Kid initiative allowed the District to provide Chromebooks and internet connectivity to students in need as well as a free Summer Academic Program. In February 2021, Marietta Evening School Hours (MESH) was launched, allowing a flexible learning environment to students who need to work to help support their families. Core classes offered at night help these students earn credits to graduate on time. Additional partnerships allowed the District to provide free, on-site, quick, and convenient COVID-19 testing and vaccination clinics for staff and families.

As a Title I district, the School District serves some of the area's most vulnerable children and families. The COVID-19 Response and Recovery Fund, along with the numerous community investments, demonstrated the District's commitment to those they serve.

Long Term Financial Planning

Through conservative budgeting and closely monitoring expenditures, the School District maintained a healthy fund balance throughout the previous economic decline and during the COVID-19 pandemic continuing in fiscal year 2021. Unassigned fund balance in the general fund exceeds policy and state requirements for budgetary and planning purposes.

In March 2017, the citizens of Marietta and Cobb County voted to renew a one-percent local option sales tax for education for a period of five years beginning January 1, 2019 and ending December 31, 2023. This sales tax for educational capital expenditures, in place since 1999, has allowed the School District to construct new schools, renovate and improve existing schools, improve technology and security systems and purchase buses. The School District plans capital expenditures as needs arise due to student growth and building maintenance. Enrollment forecasts, demographic studies and the age of facilities are all considered within the capital plan.

Strategic Initiatives

The School District's administration undertook a comprehensive organizational assessment in order to identify strengths and opportunities for growth resulting in the 2020 – 2023 strategic plan. Strategic planning is now considered to be a continuous improvement process. The School District's stakeholders can expect it to leverage existing processes and resources, both fiscal and otherwise, to maximize student learning and maintain the highest levels of transparency and feedback through impact checks, community collaboration, and shared governance.

As in the prior two fiscal years, the School District will continue to invest in competitive teacher salaries based on effectiveness and increased compensation for additional instructional roles, with the ultimate goal of increased student achievement and graduation rate. Teacher salary schedules are maintained to ensure Marietta City Schools offers one of the highest teacher compensation packages in the metro Atlanta area in an effort to hire and retain top performing teachers.

Although a significant reduction in state funding was realized, the Board of Education of the City of Marietta, Georgia has continued these strategic objectives, including highly compensated teachers, as seen in the adoption of its 2022 budget on June 15, 2021. The General Fund budget for 2022 anticipates revenues of \$114,330,441 and expenditures of \$117,473,640. Unassigned fund balance will be used to make up the difference, if necessary. This budget reflects an increase from the 2021 budget of 5%.

Closing

In closing, we wish to thank the members of the City of Marietta Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the School District's finances. To the citizens of Marietta, please accept our gratitude for your ongoing support of our successful School District.


Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Department. Each member of the Financial Services Department has our sincere appreciation for their committed service and skill in maintaining the School District's finances.

Respectfully submitted,



Grant Rivera, Ed.D.
Superintendent



Erin Franklin, CPA
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Board of Education of the City of Marietta
Georgia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

BOARD OF EDUCATION OF THE CITY OF MARIETTA
PRINCIPAL OFFICIALS
JUNE 30, 2021

All matters relating to education and operations of the Marietta City School District are governed and controlled by the Board of Education as proven by Georgia law. The Board has the responsibility to maintain a uniform system of public schools providing quality education for all young people of the City of Marietta. With the advice of the superintendent, the Board must determine the policies and prescribe the rules and regulations for the management and administration of the school system.

Generally, the Board holds public meetings twice a month to conduct normal business with special sessions as needed. The Board is composed of seven members who are each elected for four years from one of seven geographical districts within the city. The Board elects a chairman and vice-chairman from the seven members to govern the body for a one year period.

Each board member's term ends December 31, 2021.



Mr. Alan Levine
Ward One
Board Member



Mr. Jason Waters
Ward Two
Board Member



Mr. Randy Weiner
Ward Three
Board Member



Ms. Allison Gruehn
Ward Four
Board Member



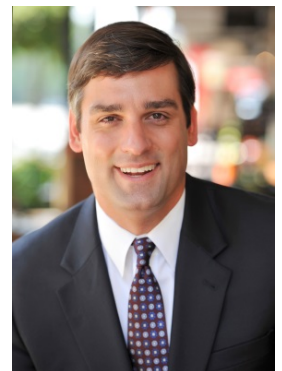
Ms. Angela Orange
Ward Five
Board Chair



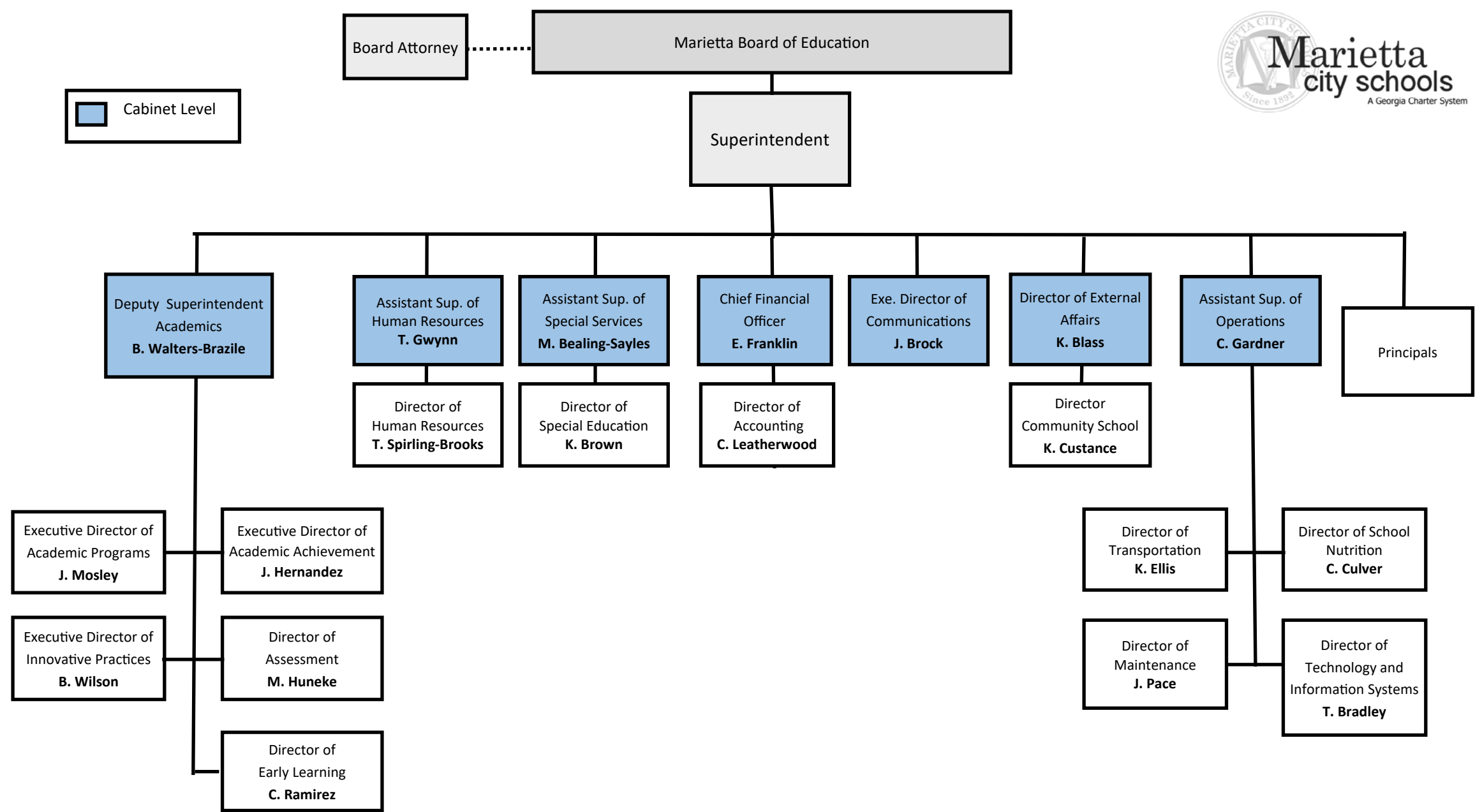
Ms. Kerry Minervini
Ward Six
Board Vice-Chair



Ms. Irene Berens
Ward Seven
Board Member



Dr. Grant Rivera
Superintendent



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, 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 the **Marietta City Schools**, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Marietta City Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marietta City Schools, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Grant Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, Marietta City Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard significantly changed how Marietta City Schools identifies and reports fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marietta City Schools' basic financial statements. The statement of changes in assets and liabilities – agency fund, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022 on our consideration of the Marietta City Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marietta City Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marietta City Schools' internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 17, 2022

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

Introduction

The discussion and analysis of the Board of Education of the City of Marietta's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion is to look at the School District's financial performance as a whole. Readers should also review complete financial statements, with notes, to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The District's 2021 net position increased by \$4,503,294 compared to fiscal year 2020, restated, due to an increase in the assessed property values of 6% and a 14.7% increase in operating grant revenue.
- GASB Statement No. 68 requires school districts to report the District's proportionate share of the collective net pension liability for each plan in which a district participates. The District's Net Pension Liability increased from \$113,261,408 in 2020 to \$128,329,334 in 2021.
- Total liabilities increased from \$206,136,344 in 2020 to \$233,774,247 in 2021, an increase of \$27,637,903, due to an increase in the District's proportionate share of the net pension liability. Other liabilities increased by \$1,742,387 or 12.9% due to an increase in contracts and retainage payable and salaries and benefits payable at year-end.
- Total revenue increased from \$144,086,126 in 2020 to \$148,326,207 in 2021, a 2.9% increase of \$4,240,081 resulting primarily from a 6% increase in tax revenue and \$8.3 million in operating grants. Overall revenue for 2021 was \$4,503,294 more than expenses.
- Total expenses increased from \$137,850,880 in 2020 to \$143,822,913 in 2021, an increase of 4.3% totaling \$5,972,033.
- Instructional program expenses increased \$3,067,451 from \$90,805,534 in 2020 to \$93,872,985 in 2021. Pupil and Instructional Services expenses increased less than 1% from \$15,104,386 in 2020 to \$15,195,978 in 2021. School and Administrative Services expenses, including Federal Grant Administration, increased from \$11,266,799 in 2020 to \$11,485,820 in 2021. Maintenance and Operations expenses increased from \$6,324,238 to \$9,437,141 due to the return of normal operations after school closures in fiscal year 2020. Transportation expenses decreased from \$5,487,000 in 2020 to

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

\$5,385,968 in 2021. Other expenses decreased from \$8,862,923 in 2020 to \$8,445,021 in 2021.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: district-wide financial statements, fund financial statements, and notes to the financial statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, similar to a private-sector business.

The Statement of Net Position presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over a period of time, increases or decreases in net position may serve as an indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows during future fiscal periods, for example, uncollected taxes. The District-wide financial statements are presented on pages 14 and 15.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine if there are more or less financial resources to be spent in the near future to finance educational goals and programs. The basic governmental fund financial statements, including the General Fund and Grant Fund's budgetary statements are presented on pages 16 through 21.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 22.

Required Supplementary Information

Information regarding the District's net pension liability, contributions and additional required supplementary information is located on pages 57-62.

Other Supplementary Information

This final section of the financial report includes the schedule of expenditures of special purpose local option sales tax proceeds beginning on page 63.

The Statement of Net Position for 2021 has been summarized and compared with net position for 2020. (See Condensed Statement of Net Position - Table I). The School District's 2021 ending net position was \$4,569,276, a significant increase over the 2020 restated ending net position of \$65,982. The increase in Total Assets and Deferred Outflows of Resources in 2021 contributed to the increase in net position. The implementation of GASB Statement No. 75 in 2018 requires school districts to report a district's proportionate share of the collective net OPEB liability for each plan in which a district participates. More information regarding the District's retirement and OPEB plans, net pension liability, and net OPEB liability is located in Notes 12 and 14 in the Notes to the Basic Financial Statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

District-Wide Financial Analysis

Table I
Condensed Statement of Net Position

<u>Governmental Activities</u>		
	<u>2020</u>	<u>2021</u>
<u>Assets</u>		
Current and Other Assets	\$ 51,062,762	\$ 53,076,584
Capital Assets	138,794,664	148,578,738
Total Assets	<u>189,857,426</u>	<u>201,655,322</u>
<u>Deferred Outflows of Resources</u>	<u>38,578,341</u>	<u>53,845,583</u>
<u>Liabilities</u>		
Other Liabilities	13,529,815	15,491,022
Long-Term Liabilities	192,606,529	218,283,225
Total Liabilities	<u>206,136,344</u>	<u>233,774,247</u>
<u>Deferred Inflows of Resources</u>	<u>22,233,441</u>	<u>17,157,382</u>
<u>Net Position</u>		
Net investment in Capital Assets	122,900,156	135,275,585
Restricted	11,877,021	11,920,649
Unrestricted	(134,711,195)	(142,626,958)
Total Net Position	<u>\$ 65,982</u>	<u>\$ 4,569,276</u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

Table II
Changes in Net Position

Governmental Activities

	<u>2020</u>	<u>2021</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 2,260,269	\$ 1,696,813
Operating Grants/Contributions	59,664,534	67,955,548
Capital Grants/Contributions	4,249,438	929,473
General Revenues:		
Taxes	73,003,049	77,389,821
Other	4,908,836	354,552
Total Revenues	<u>144,086,126</u>	<u>148,326,207</u>
<u>Expenses</u>		
Instruction	90,805,534	93,872,985
Pupil and Instructional Services	15,104,386	15,195,978
School and Administrative Services	11,266,799	11,485,820
Maintenance and Operations	6,324,238	9,437,141
Transportation	5,487,000	5,385,968
Other	8,862,923	8,445,021
Total Expenses	<u>137,850,880</u>	<u>143,822,913</u>
Change in Net Position	6,235,246	4,503,294
Net Position, beginning of year, restated	(6,169,264)	65,982
Net Position, end of year	<u>\$ 65,982</u>	<u>\$ 4,569,276</u>

Revenues

The School District's total revenue increased 2.9% in 2021 (See Changes in Net Position - Table II). The primary increases were a result of a 6% approximately (\$4.39 million) increase in tax revenue and an approximate \$8.3 million increase in operating grant revenues.

Expenses

The School District's total expenses are primarily related to the instruction of students, providing pupil services, improving instructional services and transporting students. Total expenses increased 4.3% during fiscal year 2021, by \$5,972,033. Direct instructional costs increased 3.4% and maintenance and operations expenses increased 49%. Increases in State QBE funding and State and Federal grant funding allowed for competitive salary increases for employees.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

The fiscal year 2020 ending net position has been restated due to implementation of GASB 84 Fiduciary Activities. The original ending net position of (\$333,800) was restated to \$65,982 to account for funds in which the District maintains administrative control. See Note 16 on page 56 for additional information.

The Net Cost of Governmental Activities Table presents the total and net cost of six major District activities: instruction, pupil and instructional services, school and administrative services, maintenance and operations, transportation, and other. (See Net Cost of Governmental Activities Table - Table III).

Table III
Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Instruction	\$ 90,805,534	\$ 93,872,985	\$ 43,649,952	\$ 43,946,972
Pupil & Instructional Services	15,104,386	15,195,978	12,194,512	12,062,266
School & Administrative Services	11,266,799	11,485,820	5,952,462	6,572,167
Maintenance & Operations	6,324,238	9,437,141	2,726,783	4,125,738
Transportation	5,487,000	5,385,968	4,446,162	3,988,043
Other	8,862,923	8,445,021	3,106,550	2,545,893
Total	<u>\$ 137,850,880</u>	<u>\$ 143,822,913</u>	<u>\$ 72,076,421</u>	<u>\$ 73,241,079</u>

Net Cost of Services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The Net Cost shows the financial burden on the School District's taxpayers by each activity. The Total Cost of governmental services in 2021 was \$143,822,913. Users of the School District's programs financed \$1,696,813 of the costs. Federal and State grants, subsidized programs, and contributions financed \$68,885,021 of the cost. The School District's taxpayers financed the remainder of the School District's cost, which was \$73,241,079 in 2021.

The School District's Funds

The School District ended fiscal year 2021 with positive fund balances in all of its governmental funds. The combined balance of all governmental funds, \$41,762,445 was an increase of 10.8% from the 2020 ending balance of \$37,688,104. This increase was primarily associated with an increase in the District-wide Capital Projects fund balances as the new Park Street Elementary School and Marietta High School's College & Career Academy were completed. At the end of 2021, the School District's General Fund balance (assigned and unassigned) was equivalent to approximately two months of General Fund expenditures.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

General Fund

The General Fund is the operating fund of the School District. Property taxes and other taxes account for the majority of the School District's revenues. Property tax revenues increased approximately 3.5% in fiscal year 2021 when compared to fiscal year 2020 due to increases in the tax digest and appraised property values. The unassigned General Fund Balance was approximately \$19.9 million at June 30, 2021.

Grant Fund

The Grant Fund is used to account for Federal, State, and locally funded grant awards to the School District for accomplishing specific education tasks. In fiscal year 2021, grant revenues increased by \$7.1 million. The fund balance decreased by \$10,543, less than 1%, due to the use of unrestricted fund balance available for support of the grant projects.

District-wide Capital Projects Fund

The District-wide Capital Projects Fund is used to account for school construction and other improvement projects. Special Purpose Local Option Sales Tax (SPLOST) revenues and State funds account for the majority of the revenues in the Capital Projects Fund. SPLOST revenues increased by \$1.8 million in fiscal year 2021. The fund balance increased by \$1,922,373 due to the new and ongoing construction projects.

General Fund Budgetary Highlights

The fiscal year 2021 budget was developed in compliance with State Law and by balancing the challenges of projected increases in student enrollment, higher student/teacher ratios and reductions in state funding for education while maintaining an adequate fund balance reserve for financial stability.

The fiscal year 2021 General Fund budget, both revenues and expenditures, was amended during the fiscal year to reflect an increase in tax revenue and State grants. Several variances were noted between budgeted and actual revenues. Actual property tax receipts were 3.2% more than originally projected. Investment earnings were less than budgeted earnings due to falling interest rates since the beginning of the COVID-19 pandemic.

One significant variance between actual and budgeted expenses occurred in Instruction. Actual expenditures were 4.2% less than budgeted expenditures which can be attributed to retiring educators. Each year's budget is planned using the current workforce and a greater number of retirees results in a younger workforce with lower salary and benefit costs. Additional savings were recognized in Maintenance and Transportation services due to the partial closure of schools through October due to the COVID-19 pandemic.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

Capital Assets and Debt Administration

Capital Assets

The School District is committed to maintaining and improving its capital assets. Capital assets increased from \$138,794,664 in 2020 to \$148,578,738 in 2021, an increase of \$9,784,074. (See Capital Assets, Net of Accumulated Depreciation - Table IV). The School District had capital asset additions of \$7,608,349. This was offset by current year depreciation of \$7,552,378. At June 30, 2021, the School District had commitments under construction contracts totaling \$3,648,527 for renovations and improvements to existing facilities.

Table IV
Capital Assets, Net of Accumulated Depreciation

	<u>2020</u>	<u>2021</u>
Land	\$ 9,695,861	\$ 9,695,861
Construction in Progress	32,748,186	3,648,527
Buildings & Improvements	86,524,643	124,936,694
Machinery & Equipment	9,825,974	10,297,656
Total	<u><u>\$ 138,794,664</u></u>	<u><u>\$ 148,578,738</u></u>

More detailed information about capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Long-Term Debt

The School District entered into an intergovernmental agreement with the Downtown Marietta Development Authority in May 2018 for the issuance of revenue bonds to advance the construction projects to be paid for by SPLOST V. Principal payments will begin in 2022. The principal balance on this debt is \$10,690,000 as of June 30, 2021.

More detailed information about long-term obligations can be found in Note 9 of the Notes to the Basic Financial Statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
Management's Discussion and Analysis
June 30, 2021

Economic Factors and Next Year's Budgets

Marietta City School District is one of Georgia's first Charter School Systems, an International Baccalaureate World School District, and consistently ranked in the top 15% of the nation's public school systems. Marietta City Schools continues to maintain a positive financial position. The tax millage rate remained the same for 2021, keeping the City of Marietta among the lowest city millage rates in Metro Atlanta. The voter approved extension of the Special Purpose Local Option Sales Tax (SPLOST) allows the School District to improve existing school facilities and technology, fund ongoing capital needs and retire long-term debt payments related to school facilities. Despite the continuing financial challenges of recent years, our schools continue to meet academic challenges. In fiscal year 2021, Marietta City Schools opened the renovated historic Lemon Street Grammar School that now houses Marietta's alternative school program for students in sixth through 12th grades and Marietta Evening School hours, which provides night classes for students working full time jobs. Other programs in the District continue to thrive including the College and Career Academy at Marietta High School, a state of the art facility designed to help students successfully enter the workforce or transition into postsecondary education opportunities in areas including culinary arts, video production, nursing and architecture and the Emily Lembeck Early Learning Center that provides a pre-kindergarten academic program for 4 year olds. The program serves as a launching pad for kindergarten readiness. In 2021, the Marietta Center for Advanced Academics was #8 in Georgia on U.S. News & World Reports' list of Best Elementary Schools. In 2021, Marietta High School received an AP Honor School award for AP Access and Support in addition to raising their four-year cohort graduation rate by 3.02%. Both Hickory Hills and Sawyer Road Elementary Schools were named Title I Reward Schools by the Georgia Department of Education. The Board of Education of the City of Marietta was named a 2021 Georgia School Boards Association Exemplary School Board, recognizing the highest level of commitment from school boards and individual members. Marietta City Schools was listed at #14 in the Atlanta Journal & Constitution's Top Workplaces for 2021. These honors continue to highlight the strong academic and fiscal leadership provided to the students, parents, and community of the School District.

The Board of Education of the City of Marietta, Georgia adopted its 2022 budget on June 15, 2021. The General Fund budget for 2022 anticipated revenues of \$114,330,441 and expenditures of \$117,473,640. Unreserved fund balance in the amount of \$3,143,199 will be used to make up the difference. The approved millage rate to fund the 2022 budget is 17.97 mills. This budget reflects an increase from the 2021 budget of 5%.

Contacting the School System's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances. If you have questions about this report or need additional financial information, please contact Mrs. Erin Franklin, Chief Financial Officer, at the Board of Education of the City of Marietta, P.O. Box 1265, Marietta, Georgia 30061. You may also e-mail your question to Mrs. Franklin at efranklin@marietta-city.org

BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 29,343,148
Investments	9,264,838
Receivables:	
Taxes, net	2,560,012
Intergovernmental	10,310,267
Other	1,043,288
Inventory	77,912
Prepaid items	477,119
Capital assets (nondepreciable)	13,344,388
Capital assets (depreciable, net of accumulated depreciation)	135,234,350
Total assets	<u>201,655,322</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	37,129,917
OPEB related items	16,715,666
Total deferred outflows of resources	<u>53,845,583</u>
LIABILITIES	
Accounts payable	1,437,604
Salaries and benefits payable	7,603,199
Due to other governments	2,534
Unearned revenues	52,020
Accrued interest payable	166,800
Claims and judgements payable, due within one year	165,423
Claims and judgements payable, due in more than one year	399,629
Contracts and retainage payable	2,073,401
Intergovernmental payable, due within one year	3,410,000
Intergovernmental payable, due in more than one year	7,819,752
Net pension liability, due in more than one year	128,329,334
Net OPEB liability, due in more than one year	81,670,061
Compensated absences, within one year	580,041
Compensated absences, due in more than one year	64,449
Total liabilities	<u>233,774,247</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	292,869
OPEB related items	16,864,513
Total deferred inflows of resources	<u>17,157,382</u>
NET POSITION	
Net investment in capital assets	135,275,585
Restricted for:	
Continuation of federal programs	249,930
Capital projects	11,670,719
Unrestricted (deficit)	(142,626,958)
Total net position	<u>\$ 4,569,276</u>

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 93,872,985	\$ 302,822	\$ 49,039,398	\$ 583,793	\$ (43,946,972)
Support services:					
Pupil services	7,780,956	-	873,835	-	(6,907,121)
Improvement of instructional services	5,979,702	-	872,776	-	(5,106,926)
Educational media services	1,435,320	-	1,387,101	-	(48,219)
Federal grant administration	204,300	-	-	-	(204,300)
General administration	2,140,124	-	1,769,641	-	(370,483)
School administration	7,914,824	-	3,086,084	-	(4,828,740)
Business administration	1,226,572	-	57,928	-	(1,168,644)
Maintenance and operation of plant	9,437,141	-	5,311,403	-	(4,125,738)
Student transportation services	5,385,968	88,128	964,117	345,680	(3,988,043)
Central support services	2,375,141	-	214,505	-	(2,160,636)
Other support services	44,292	-	-	-	(44,292)
Enterprise operation	175,561	-	-	-	(175,561)
Food services operation	4,440,353	143,074	4,375,716	-	78,437
Community service operation	1,166,283	1,162,789	3,044	-	(450)
Interest on long-term debt	243,391	-	-	-	(243,391)
Total governmental activities	<u>\$ 143,822,913</u>	<u>\$ 1,696,813</u>	<u>\$ 67,955,548</u>	<u>\$ 929,473</u>	<u>(73,241,079)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					61,131,172
Sales taxes					12,775,398
Other taxes					3,483,251
Unrestricted investment earnings					75,681
Other					271,321
Gain on sale of capital assets					7,550
Total general revenues					<u>77,744,373</u>
Change in net position					<u>4,503,294</u>
Net position, beginning of year, as restated					<u>65,982</u>
Net position, end of year					<u>\$ 4,569,276</u>

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

ASSETS	General	Grant	District-wide Capital Projects	Non-major Capital Projects Fund Asset Replacement	Total Governmental Funds
Cash and cash equivalents	\$ 15,360,839	\$ 492,635	\$ 13,273,890	\$ 215,784	\$ 29,343,148
Investments	9,264,838	-	-	-	9,264,838
Receivables:					
Taxes, net	1,349,247	-	1,210,765	-	2,560,012
Intergovernmental	6,833,801	3,476,466	-	-	10,310,267
Other	991,258	52,030	-	-	1,043,288
Advances to other funds	-	-	-	2,993,576	2,993,576
Prepaid items	127,320	336,252	13,547	-	477,119
Inventory	-	77,912	-	-	77,912
Total assets	<u>\$ 33,927,303</u>	<u>\$ 4,435,295</u>	<u>\$ 14,498,202</u>	<u>\$ 3,209,360</u>	<u>\$ 56,070,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 864,661	\$ 572,943	\$ -	\$ -	\$ 1,437,604
Advances from other funds	-	-	2,993,576	-	2,993,576
Contracts and retainage payable	-	-	2,073,401	-	2,073,401
Salaries and benefits payable	6,929,060	674,139	-	-	7,603,199
Due to other governments	-	2,534	-	-	2,534
Unearned revenue	-	-	52,020	-	52,020
Total liabilities	<u>7,793,721</u>	<u>1,249,616</u>	<u>5,118,997</u>	<u>-</u>	<u>14,162,334</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	145,381	-	-	-	145,381
Total deferred inflows of resources	<u>145,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,381</u>
FUND BALANCES					
Nonspendable:					
Inventory	-	77,912	-	-	77,912
Prepaid items	127,320	336,252	13,547	-	477,119
Restricted for:					
Continuation of federal programs	-	249,930	-	-	249,930
Capital Outlay	231,660	-	9,365,658	-	9,597,318
Committed for:					
Local school accounts	409,128	-	-	-	409,128
Employee recognitions from donations	-	3,971	-	-	3,971
Marietta Reads	-	8,221	-	-	8,221
Special Olympics	-	304	-	-	304
Assigned for:					
Subsequent year's budget appropriation of fund balance	3,143,199	-	-	-	3,143,199
Capital projects	-	-	-	3,209,360	3,209,360
Academic resources	53,008	-	-	-	53,008
Unemployment compensation	143,962	-	-	-	143,962
Vocational replacement	38,118	-	-	-	38,118
Worker's compensation	250,000	-	-	-	250,000
Tuition fund	432,249	-	-	-	432,249
Donation fund	151,924	-	-	-	151,924
Transportation safety fund	59,710	-	-	-	59,710
Facility rental	8,294	-	-	-	8,294
Graduate Marietta	2,844	-	-	-	2,844
Graduate Marietta student success center	144,448	-	-	-	144,448
Medicaid	632,484	-	-	-	632,484
GCCAP	250,000	-	-	-	250,000
Wilton donation	57,681	-	-	-	57,681
Instruction	-	332,143	-	-	332,143
School administration	-	147,821	-	-	147,821
General administration	-	28,654	-	-	28,654
Central support operations	-	619,125	-	-	619,125
Community service operations	-	1,380,846	-	-	1,380,846
Enterprise operations	-	500	-	-	500
Unassigned	19,852,172	-	-	-	19,852,172
Total fund balances	<u>25,988,201</u>	<u>3,185,679</u>	<u>9,379,205</u>	<u>3,209,360</u>	<u>41,762,445</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,927,303</u>	<u>\$ 4,435,295</u>	<u>\$ 14,498,202</u>	<u>\$ 3,209,360</u>	<u>\$ 56,070,160</u>

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Total fund balances - governmental funds		\$	41,762,445
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Cost	\$	272,528,351	
Less accumulated depreciation		<u>(123,949,613)</u>	148,578,738
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.			
Property taxes		<u>145,381</u>	145,381
The net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.			
Net pension liability		(128,329,334)	
Deferred outflows of resources - pension items		37,129,917	
Deferred inflows of resources - pension items		<u>(292,869)</u>	(91,492,286)
The net OPEB liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.			
Net OPEB liability		(81,670,061)	
Deferred outflows of resources - other postemployment benefits related items		16,715,666	
Deferred inflows of resources - other postemployment benefits related items		<u>(16,864,513)</u>	(81,818,908)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Intergovernmental payable		(10,690,000)	
Unamortized premiums		(539,752)	
Accrued interest		(166,800)	
Claims and judgements payable		(565,052)	
Compensated absences		<u>(644,490)</u>	(12,606,094)
Net position of governmental activities		\$	<u>4,569,276</u>

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	General	Grant	District-wide Capital Projects	Non-major Capital Projects Fund Asset Replacement	Total Governmental Funds
REVENUES					
Property taxes	\$ 61,083,160	\$ -	\$ -	\$ -	\$ 61,083,160
Sales taxes	-	-	13,098,080	-	13,098,080
Other taxes	3,483,251	-	-	-	3,483,251
State funds	48,748,228	666,368	-	-	49,414,596
Federal funds	167,053	16,851,331	-	-	17,018,384
Charges for services	302,822	143,074	-	-	445,896
Investment earnings	62,450	2,430	11,240	325	76,445
Other local sources	1,969,026	1,396,534	5,500	-	3,371,060
Miscellaneous	109,142	3,899	246,408	-	359,449
Total revenues	115,925,132	19,063,636	13,361,228	325	148,350,321
EXPENDITURES					
Current:					
Instruction	70,112,238	9,728,591	1,123,144	-	80,963,973
Support services:					
Pupil services	7,324,970	292,407	54,344	-	7,671,721
Improvement of instructional services	5,307,695	185,028	443,882	-	5,936,605
Educational media services	1,365,010	70,310	-	-	1,435,320
Federal grant administration	-	204,300	-	-	204,300
General administration	1,840,479	152,552	6,229	-	1,999,260
School administration	7,613,302	286,133	-	-	7,899,435
Business administration	1,225,782	-	-	-	1,225,782
Maintenance and operation of plant	5,802,982	2,393,504	1,760,767	39,486	9,996,739
Student transportation services	4,368,918	444,283	96,380	65,997	4,975,578
Central support services	1,411,205	548,751	403,419	-	2,363,375
Miscellaneous non-instructional services	-	175,561	-	-	175,561
Food services operation	29,859	4,410,494	-	-	4,440,353
Community services operation	3,860	1,159,998	-	-	1,163,858
Capital outlay	-	-	13,331,270	-	13,331,270
Debt service:					
Interest and fees	-	-	500,400	-	500,400
Total expenditures	106,406,300	20,051,912	17,719,835	105,483	144,283,530
Excess (deficiency) of revenues over expenditures	9,518,832	(988,276)	(4,358,607)	(105,158)	4,066,791
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,550	-	-	-	7,550
Transfers in	-	977,733	6,280,980	-	7,258,713
Transfers out	(7,258,713)	-	-	-	(7,258,713)
Total other financing sources (uses)	(7,251,163)	977,733	6,280,980	-	7,550
Net change in fund balances	2,267,669	(10,543)	1,922,373	(105,158)	4,074,341
FUND BALANCE, beginning of year, as restated	23,720,532	3,196,222	7,456,832	3,314,518	37,688,104
FUND BALANCE, end of year	\$ 25,988,201	\$ 3,185,679	\$ 9,379,205	\$ 3,209,360	\$ 41,762,445

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

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

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

Net change in fund balances - total governmental funds	\$	4,074,341
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 17,336,452	
Depreciation expense	<u>(7,552,378)</u>	9,784,074

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	48,012	
Sales taxes	<u>(322,682)</u>	(274,670)

In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

Pension items	(7,714,281)	
OPEB items	<u>(1,121,385)</u>	(8,835,666)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of premium	257,009	
Change in compensated absences	(99,394)	
Change in claims and judgements payable	<u>(402,400)</u>	<u>(244,785)</u>

Change in net position of governmental activities	\$	<u><u>4,503,294</u></u>
---	----	-------------------------

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 59,190,000	\$ 60,330,000	\$ 61,083,160	\$ 753,160
Other taxes	1,600,000	2,600,000	3,483,251	883,251
State funds	44,520,391	47,799,118	48,748,228	949,110
Federal funds	300,000	150,000	167,053	17,053
Charges for services	50,000	162,035	302,822	140,787
Investment earnings	200,000	105,200	62,450	(42,750)
Other local sources	225,000	1,564,366	1,969,026	404,660
Miscellaneous	-	70,700	109,142	38,442
Total revenues	106,085,391	112,781,419	115,925,132	3,143,713
EXPENDITURES				
Current:				
Instruction	71,191,841	73,183,823	70,112,238	3,071,585
Support services:				
Pupil services	7,445,654	8,155,829	7,324,970	830,859
Improvement of instructional services	4,797,937	5,591,993	5,307,695	284,298
Educational media services	1,583,790	1,666,898	1,365,010	301,888
General administration	3,448,143	2,648,327	1,840,479	807,848
School administration	7,737,215	7,804,573	7,613,302	191,271
Business administration	1,305,381	1,300,525	1,225,782	74,743
Maintenance and operation of plant	7,886,412	8,237,055	5,802,982	2,434,073
Student transportation services	4,895,181	5,104,757	4,368,918	735,839
Central support services	1,453,887	1,563,813	1,411,205	152,608
Food services operation	-	-	29,859	(29,859)
Community services operation	-	3,860	3,860	-
Capital outlay	-	8,430	-	8,430
Total expenditures	111,745,441	115,269,883	106,406,300	8,863,583
Deficiency of revenues over expenditures	(5,660,050)	(2,488,464)	9,518,832	12,007,296
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	7,550	7,550	-
Transfers out	(859,733)	(977,733)	(7,258,713)	(6,280,980)
Total other financing sources (uses)	(859,733)	(970,183)	(7,251,163)	(6,280,980)
Net change in fund balances	(6,519,783)	(3,458,647)	2,267,669	5,726,316
FUND BALANCE, beginning of year, as restated	23,720,532	23,720,532	23,720,532	-
FUND BALANCE, end of year	\$ 17,200,749	\$ 20,261,885	\$ 25,988,201	\$ 5,726,316

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
State funds	\$ 115,000	\$ 646,860	\$ 666,368	\$ 19,508
Federal funds	6,908,275	22,280,924	16,851,331	(5,429,593)
Charges for services	680,100	680,100	143,074	(537,026)
Investment earnings	7,600	7,600	2,430	(5,170)
Other local sources	2,591,145	2,682,023	1,396,534	(1,285,489)
Miscellaneous	-	8,550	3,899	(4,651)
Total revenues	10,302,120	26,306,057	19,063,636	(7,242,421)
EXPENDITURES				
Current:				
Instruction	1,979,515	11,806,471	9,728,591	2,077,880
Support services:				
Pupil services	36,305	345,291	292,407	52,884
Improvement of instructional services	-	630,501	185,028	445,473
Educational media services	-	71,081	70,310	771
Federal grant administration	-	253,073	204,300	48,773
General administration	24,200	157,750	152,552	5,198
School administration	10,750	301,806	286,133	15,673
Maintenance and operation of plant	423,785	4,934,728	2,393,504	2,541,224
Student transportation services	50,000	568,072	444,283	123,789
Central support services	400,009	610,716	548,751	61,965
Miscellaneous non-instructional services	176,000	176,300	175,561	739
Food services operation	4,744,601	4,783,187	4,410,494	372,693
Community services operation	2,088,729	1,991,773	1,159,998	831,775
Total expenditures	9,933,894	26,630,749	20,051,912	6,578,837
Excess (deficiency) of revenues over expenditures	368,226	(324,692)	(988,276)	(663,584)
OTHER FINANCING SOURCES				
Transfers in	891,733	977,733	977,733	-
Total other financing sources	891,733	977,733	977,733	-
Net change in fund balances	1,259,959	653,041	(10,543)	(663,584)
FUND BALANCE, beginning of year	3,196,222	3,196,222	3,196,222	-
FUND BALANCE, end of year	\$ 4,456,181	\$ 3,849,263	\$ 3,185,679	\$ (663,584)

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Board of Education of the City of Marietta ("District" or "School System") was established under the laws of the state of Georgia and operates under the guidance of a seven (7) member board elected by the voters of the City of Marietta and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes. Its budget is not subject to approval by any other entity. Accordingly, the District is a primary government and consists of all the organizations that compose its legal entity. There are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The District's basic financial statements are collectively comprised of the District-wide financial statements, fund financial statements, and notes to the basic financial statements of the Board of Education of the City of Marietta.

District-wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the District related to the administration and support of the District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

The fund financial statements provide information about the District's funds, including fiduciary funds using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, along with deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., the revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between government-wide statements and the governmental fund statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

- *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those resources required to be accounted for in another fund.
- *Grant Fund* is a special revenue fund and accounts for federal and state funded grants awarded to the District for accomplishing specific educational tasks and whose expenditures are restricted to specific purposes.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST IV and SPLOST V) to be used for the acquisition, construction or renovation of major capital facilities.

Additionally, the District reports the following non-major fund:

- The *Asset Replacement Capital Project Fund* accounts for expenditures of the District to make replacement purchases of capital assets.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases and bonds are reported as other financing sources.

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

Cash and Cash Equivalents

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 include any amounts which would necessitate the need for an allowance for uncollectible receivables. The District reported the following gross receivables and allowances:

	General Fund	Grant Fund	District-wide Capital Projects	Total
Receivables:				
Taxes	\$ 1,591,989	\$ -	\$ 1,210,765	\$ 2,802,754
Intergovernmental	6,833,801	3,476,466	-	10,310,267
Other	991,258	52,030	-	1,043,288
Allowances	(242,742)	-	-	(242,742)
Net receivables	<u>\$ 9,174,306</u>	<u>\$ 3,528,496</u>	<u>\$ 1,210,765</u>	<u>\$ 13,913,567</u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The City of Marietta levied the 2020 tax digest on July 28, 2020. Taxes were due on October 30, 2020. Taxes collected within the current fiscal year or within 60 days after year-end are reported as revenue in the governmental funds for fiscal year 2021. The City of Marietta Tax Division bills and collects the property taxes for the District and remits the balance of taxes collected to the District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations amounted to \$61,083,160.

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

School Maintenance & Operations	17.97 mills
---------------------------------	-------------

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$13,098,080 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.

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 food inventories are reported at cost (first-in, first-out). The District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables, Payables and Transfers

During the course of its operations, the District makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year-end, balances of interfund amounts receivable or payable have been recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loan receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2021, are recorded as prepaid items. The prepaid items are recognized on the consumption method.

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition cost. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Site Improvements	\$10,000	20 to 50 years
Buildings and Improvements	\$10,000	20 to 50 years
Intangible Assets	\$10,000	20 to 50 years
All Equipment	\$10,000	5 to 15 years

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Annual employees earn vacation leave at the rate of 10 days per year for the first four years up to a maximum of 20 days after ten years being employed at the Board of Education of the City of Marietta. The maximum possible accumulation is 30 days. At termination, annual employees are paid for any accumulated vacation leave.

Annual employees can earn sick leave at the rate of one and one-half days per month up to a maximum of 100 days. Accumulated days in excess of 100 at the previous year end are paid at the beginning of each fiscal year to Public School Employee Retirement System employees. The days are paid at the rate of one-half the daily standard substitute teacher pay rate. At termination, these employees are paid for their accumulated sick leave.

Pensions

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

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

Other Postemployment Benefits (OPEB)

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Payments of principal and interest and issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

Use of Estimates

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

Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the approval of a formal motion and passage of a resolution. Only the Board of Education may modify or rescind the commitment, through a supplemental resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent, through the Director of Finance, the authority to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources for activities and funds which use the accrual basis of accounting. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of deferred inflow of resources, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The District also has deferred inflows and outflows related to the recording of changes in its net pension and net OPEB liability. Certain changes in the net pension and net OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. The difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension and OPEB expense over a five year period. Changes in the proportion and differences between the District's contributions and the District's proportionate share of contributions are deferred and amortized against pension and OPEB expense over the remaining estimated service life of the active employees. Experience gains or losses and changes in assumptions related to the pension plan are deferred and amortized against pension and OPEB expense over the remaining estimated service life of the active employees. Additionally, any contributions made by the District to the pension and OPEB plan before year end but subsequent to the measurement date of the District's net pension and net OPEB liability are reported as deferred outflows of resources.

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget for its General Fund and Grant Fund. The budgets are prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the Board of Education of the City of Marietta has tentatively adopted the budgets, such budgets are advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budgets are revised as necessary and adopted as the final budgets.

The following function had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2021.

General Fund:

Food services operation	\$ 29,859
-------------------------	-----------

This over expended function was funded by savings in other functions.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4: DEPOSITS AND INVESTMENTS

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

Credit risk. State statutes authorize the School District to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Operating funds of the School District are currently invested in the Georgia Fund 1; U.S. Treasuries, U.S Government agencies; or certificates of deposit.

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

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk (Continued)

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

The certificates of deposit are reported at amortized cost for nonparticipating interest-earning investment contracts. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

At June 30, 2021, information on the credit risk and interest rate risk related to the School District's investments is disclosed as follows:

Investment	Maturities	Rating	Balance
Certificate of deposit	12 month CDs	n/a	\$ 1,251,853
Certificate of deposit	13 - 24 month CDs	n/a	1,510,772
Certificate of deposit	25 - 36 month CDs	n/a	493,393
Certificate of deposit	37 - 48 month CDs	n/a	243,585
Certificate of deposit	49 - 60 month CDs	n/a	247,011
Certificate of deposit	61 - 72 months	n/a	490,959
U.S. Government Bonds	12/2/2025	AAA	1,006,850
U.S. Government Bonds	4/23/2026	AAA	1,000,010
U.S. Government Bonds	12/30/2026	AAA	1,000,020
U.S. Government Bonds	6/8/2027	AAA	495,505
U.S. Government Bonds	3/17/2031	AAA	1,000,870
U.S. Government Bonds	11/1/2026	AAA	524,010
Georgia Fund One	36 day weighted average	AAAf	4,053,345
			<u><u>\$ 13,318,183</u></u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurements. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The School District has the following recurring fair value measurements as of June 30, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
U.S. Government Bonds	\$ -	\$5,027,265	\$ 5,027,265

Investments not subject to level disclosure:

Georgia Fund One	4,053,345
Certificates of Deposit	4,237,573
	<u>\$ 13,318,183</u>

The fair values of the U.S. Government bonds are classified as Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

Note 5: NON-MONETARY TRANSACTIONS

The District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value of \$346,627.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,695,861	\$ -	\$ -	\$ -	\$ 9,695,861
Construction in progress	32,748,186	9,728,103	-	(38,827,762)	3,648,527
Total	42,444,047	9,728,103	-	(38,827,762)	13,344,388
Capital assets, being depreciated:					
Site improvements	4,358,699	591,408	-	-	4,950,107
Buildings and improvements	171,662,577	3,799,749	-	38,827,762	214,290,088
Machinery and equipment	37,447,968	3,217,192	(721,392)	-	39,943,768
Total	213,469,244	7,608,349	(721,392)	38,827,762	259,183,963
Less accumulated depreciation for:					
Site improvements	(950,371)	(231,350)	-	-	(1,181,721)
Buildings and improvements	(88,546,262)	(4,575,518)	-	-	(93,121,780)
Machinery and equipment	(27,621,994)	(2,745,510)	721,392	-	(29,646,112)
Total	(117,118,627)	(7,552,378)	721,392	-	(123,949,613)
Total capital assets, being depreciated, net	96,350,617	55,971	-	38,827,762	135,234,350
Governmental activities capital assets, net	<u>\$ 138,794,664</u>	<u>\$ 9,784,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,578,738</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	\$ 6,441,284
Judicial	
Pupil Services	93,654
General Administration	172,825
Maintenance & Operations	335,439
Pupil Transportation	470,094
School Nutrition Program	39,082
Total depreciation expense - governmental activities	<u>\$ 7,552,378</u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances to/from other funds are as of the year ended June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Asset Replacement Fund	Capital Projects Fund	\$ 2,993,576

The amounts payable to the Asset Replacement Fund relate to loans from Asset Replacement Fund to the Capital Projects Fund.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2021 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 6,280,980
General Fund	Grants Fund	977,733
		<u>\$ 7,258,713</u>

A transfer was made to the Grant Fund as a supplemental funding source for additional instructional activities. Transfers were made to the District-Wide Capital Projects Fund as a supplemental funding source for additional capital outlay activities.

Note 8: RISK MANAGEMENT

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

The District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and job related illness or injuries to employees. The District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the District's insurance coverage in any of the past three years.

The District is self-insured with regard to workers' compensation claims up to the first \$250,000 of each workers' compensation claim. The District accounts for claims within the General Fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8: RISK MANAGEMENT (Continued)

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

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2021	\$ 162,652	\$ 519,153	\$ 116,753	\$ 565,052
2020	200,444	84,978	122,770	162,652

Note 9: LONG-TERM OBLIGATIONS

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

	Balance as of June 30, 2020	Increases	Decreases	Balance as of June 30, 2021	Due within one year
Intergovernmental payable	\$ 10,690,000	\$ -	\$ -	\$ 10,690,000	\$ 3,410,000
Premium	796,761	-	257,009	539,752	-
Intergovernmental payable, net	11,486,761	-	257,009	11,229,752	3,410,000
Compensated absences	545,096	613,315	513,921	644,490	580,041
Net pension liability	113,261,408	30,268,451	15,200,525	128,329,334	-
Net OPEB liability	67,559,020	17,557,571	3,446,530	81,670,061	-
Claims and judgements payable	162,652	519,153	116,753	565,052	165,423
Long-term liabilities	<u>\$ 193,014,937</u>	<u>\$ 48,958,490</u>	<u>\$ 19,534,738</u>	<u>\$ 222,438,689</u>	<u>\$ 4,155,464</u>

Compensated absences, the net pension liability, net OPEB liability, and claims and judgements payable typically have been paid from the General Fund.

In addition to appropriation of taxes and other revenues to the District from the City of Marietta, the City also services certain debt for the District as set forth below.

In May 2018, the Downtown Marietta Development Authority issued \$10,690,000 of General Obligation Bonds Series 2018. The 2018 bonds were issued to provide funds to finance a portion of the costs of certain capital outlay projects for the School System. The bonds were issued with a premium of \$1,251,526 and an interest rate of 4.00% – 5.00%. Interest on the bonds is payable semiannually, on March 1 and September 1 of each year, commencing March 1, 2019. Interest of \$500,400 was paid during fiscal year ending June 30, 2021. The bonds are scheduled to mature on March 1, 2024. As of June 30, 2021 \$10,690,000 is outstanding.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 9: LONG-TERM OBLIGATIONS (Continued)

At June 30, 2021, payments due by fiscal year, which includes principal and interest, for these items are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,410,000	\$ 500,400	\$ 3,910,400
2023	3,550,000	364,000	3,914,000
2024	3,730,000	186,500	3,916,500
Total	<u>\$ 10,690,000</u>	<u>\$ 1,050,900</u>	<u>\$ 11,740,900</u>

Note 10: SIGNIFICANT COMMITMENTS

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

Project	Amount
New Central Office	\$ 362,338
Lockheed Renovation	2,330,582
West Side Renovation	675,707
Marietta Middle School Auditorium Seating Renovation	121,505
	<u>\$ 3,490,132</u>

The amounts described in this note are not reflected in the basic financial statements.

Note 11: ON-BEHALF PAYMENTS

The District has recognized revenues and expenditures in the amount of \$168,636 for retirement contributions paid on the District's behalf by the following state agencies:

Georgia Department of Education	
Paid to the Teachers Retirement System	
For Teachers Retirement (TRS)	\$ 74,259
Office of the State Treasurer of the State of Georgia	
Paid to Public School Employee Retirement System	
For Public School Employees Retirement (PSERS)	\$ 94,377

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual school district payroll, excluding payroll attributable to those personnel funded on behalf of the District by the State. District contributions to TRS, excluding contributions funded by the State on behalf of the District were \$13,459,468 for the year ended June 30, 2021.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the state of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related state of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 128,329,334
State of Georgia's proportionate share of the net pension liability associated with the District	<u>749,488</u>
Total	<u><u>\$ 129,078,822</u></u>

The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was 0.529763%, which was an increase of 0.003032% from its proportion measured as of June 30, 2019.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$21,196,697 and revenue of \$138,725 for support provided by the State of Georgia for certain support personnel. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,588,782	\$ -
Changes of assumptions	13,218,069	-
Net difference between projected and actual earnings on pension plan investments	3,090,833	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,772,765	292,869
District contributions subsequent to the measurement date	13,459,468	-
Total	<u>\$ 37,129,917</u>	<u>\$ 292,869</u>

District contributions subsequent to the measurement date of \$13,459,468 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 4,982,775
2023	7,642,803
2024	7,717,376
2025	3,034,626
Total	<u>\$ 23,377,580</u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)

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

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

Postretirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Health 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. Postretirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Media Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to the 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 to June 30, 2018, with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.5%, effective with the June 30, 2018 valuation.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)

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

Asset class	Target allocation	Long-term expected real rate of return *
Fixed income	30.00%	-0.10%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	100.00%	

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

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

	Decrease (6.25%)	discount rate (7.25%)	Increase (8.25%)
District's proportionate share of the net pension liability	\$ 203,499,689	\$ 128,329,334	\$ 66,711,195

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)

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

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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

Pension Liabilities and Pension Expense

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

State of Georgia's proportionate share of the	
Net Pension Liability associated with the District	\$ 518,209

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

For the year ended June 30, 2021, the District recognized pension expense of \$104,281 and revenue of \$104,281 for support provided by the state of Georgia.

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

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post retirement benefit increase	1.50% semi-annually

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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

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

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

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

* Net of inflation

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 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.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued PSERS financial report which is publicly available at www.ers.ga.gov/formspubs/.

TAX SHELTERED ANNUITY (TSA)

Plan Description: The District provides retirement benefits for substantially all full-time employees through the defined contribution plan under Internal Revenue Code 403(b). Employees are eligible to participate at the date of employment.

Funding Policy: The District requires participants to contribute 3% of their gross salary, and the District contributes an additional 5.45%. Employees also have the option of contributing additional amounts up to a certain percentage of their salary. Total District and employee contributions, including voluntary contributions, were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Total</u> <u>Contributions</u>
2019	\$ 2,284,373	\$ 2,909,662	\$ 5,194,035
2020	2,514,123	3,034,094	5,548,217
2021	2,688,119	2,965,366	5,653,485

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 13: CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 14: OTHER POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description: The School System participates in the State of Georgia School Employees Postemployment Benefit Fund (the "School OPEB Fund") which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the School 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 of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board.

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Georgia School Personnel Employees Postemployment Health Benefit Fund (Continued)

Contributions: As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the School System were \$2,135,156 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

OPEB Liabilities, OPE Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School System reported a liability of \$81,670,061 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 to the State OPEB Fund during the fiscal year ended June 30, 2020. At June 30, 2020, the School System's proportion was 0.556045%, which was an increase of 0.005538% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized OPEB expense of \$3,256,541. At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,915,835
Changes in plan assumptions	13,506,414	7,266,879
Net difference between projected and actual earnings on OPEB plan investments	212,863	-
Changes in proportion and differences between Employer and proportionate share of contributions	861,233	681,799
School System contributions subsequent to the measurement date	2,135,156	-
Total	<u>\$ 16,715,666</u>	<u>\$ 16,864,513</u>

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The School System contributions subsequent to the measurement date of \$2,135,156 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:		
2022	\$	(1,610,818)
2023		(1,616,530)
2024		(1,194,207)
2025		172,753
2026		1,434,690
2027		530,109
		<u>\$ (2,284,003)</u>

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

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The Plan currently uses mortality tables that vary by age, gender and health status (i.e. disabled or not disabled) as follows:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the 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.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Asset class	Target allocation	Long-term expected real rate of return *
Fixed income	30.00%	0.50%
Equities	70.00	9.20
Total	100.00%	
* Net of inflation		

Discount Rate. In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 2.22% was used as the discount rate, as compared with last year's rate of 3.58%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate). The projection of cashflows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 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 the year 2026. Therefore, the calculated discount rate of 2.22% was applied to all periods of projected benefit payments to determine the OPEB liability.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 rate:

	1% Decrease (1.22%)	Current discount rate (2.22%)	1% Increase (3.22%)
School Systems's proportionate share of the net OPEB liability	\$ 95,948,848	\$ 81,670,061	\$ 70,251,020

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 trend rates:

	1% Decrease	Current healthcare cost trend rate	1% Increase
School Systems's proportionate share of the net OPEB liability	\$ 67,998,535	\$ 81,670,061	\$ 99,370,716

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report (ACFR) which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 15: TAX ABATEMENTS

For the year ended June 30, 2021, School District property tax revenues were reduced by \$74,249 under agreements entered into by the City of Marietta. Under the agreements, taxes on real property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

Note 16: CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the School District is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the School District to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84 the following restatements were required to the beginning fund balance of the governmental funds and net position of governmental activities to properly report the District's student activities.

	Governmental Activities
Net position, July 1, 2020 as previously reported	\$ (333,800)
Restatement for Implementation of GASBS No. 84	399,782
Net position, July 1, 2020 as restated	<u>\$ 65,982</u>
	General Fund
Fund balance, July 1, 2020 as previously reported	\$ 23,320,750
Restatement for Implementation of GASBS No. 84	399,782
Fund Balance, July 1, 2020 as restated	<u>\$ 23,720,532</u>

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - TRS

TEACHERS RETIREMENT SYSTEM OF GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.529763%	0.526731%	0.517427%	0.516211%
District's proportionate share of the net pension liability	\$ 128,329,334	\$ 113,261,408	\$ 96,045,534	\$ 95,939,404
State of Georgia's proportionate share of the net pension liability associated with the District	<u>749,488</u>	<u>671,099</u>	<u>657,842</u>	<u>1,328,478</u>
Total	<u>\$ 129,078,822</u>	<u>\$ 113,932,507</u>	<u>\$ 96,703,376</u>	<u>\$ 97,267,882</u>
District's covered payroll	\$ 68,192,753	\$ 64,282,761	\$ 63,549,137	\$ 59,272,964
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.19%	176.19%	151.14%	161.86%
Plan fiduciary net position as a percentage of the total pension liability	77.01%	78.56%	80.27%	79.33%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.509387%	0.555142%	0.497726%	0.505185%
District's proportionate share of the net pension liability	\$ 105,092,218	\$ 84,514,857	\$ 62,881,115	\$ 88,027,880
State of Georgia's proportionate share of the net pension liability associated with the District	<u>2,342,044</u>	<u>1,670,530</u>		
Total	<u>\$ 107,434,262</u>	<u>\$ 86,185,387</u>	<u>\$ 64,140,819</u>	<u>\$ 89,467,349</u>
District's covered payroll	\$ 58,585,627	\$ 57,321,503	\$ 51,794,418	\$ 51,648,974
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.38%	147.44%	121.41%	170.43%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	81.44%	84.03%	Not available

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	2021	2020	2019	2018
Contractually required contributions	\$ 13,459,468	\$ 14,415,948	\$ 13,435,097	\$ 10,682,610
Contributions in relation to the contractually required contributions	13,459,468	14,415,948	13,435,097	10,682,610
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 70,616,306	68,192,753	\$ 64,282,761	\$ 63,549,137
Contributions as a percentage of covered payroll	19.06%	21.14%	20.90%	16.810%
	2017	2016	2015	2014
Contractually required contributions	\$ 8,458,252	\$ 8,360,169	\$ 7,704,010	\$ 6,235,530
Contributions in relation to the contractually required contributions	8,458,252	8,360,169	7,704,010	6,235,530
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 59,272,964	\$ 58,585,627	\$ 57,321,503	\$ 51,794,418
Contributions as a percentage of covered payroll	14.270%	14.270%	13.440%	12.039%

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - PSERS

TEACHERS RETIREMENT SYSTEM OF GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	<u>518,209</u>	<u>481,971</u>	<u>492,802</u>	<u>498,283</u>
Total	<u>\$ 518,209</u>	<u>\$ 481,971</u>	<u>\$ 492,802</u>	<u>\$ 498,283</u>
District's covered payroll	\$ 1,672,913	\$ 1,876,672	\$ 2,186,723	\$ 2,853,684
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	84.45%	85.02%	85.26%	85.69%
District's proportion of the net pension liability	<u>2017</u>	<u>2016</u>	<u>2015</u>	
District's proportionate share of the net pension liability	0.000%	0.000%	0.000%	
State of Georgia's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	
Total	<u>638,015</u>	<u>436,926</u>	<u>434,323</u>	
District's covered payroll	<u>\$ 638,015</u>	<u>\$ 436,926</u>	<u>\$ 434,323</u>	
District's proportionate share of the net pension liability as a percentage of its covered payroll	\$ 2,876,256	\$ 2,685,936	\$ 2,669,940	
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	
	81.00%	87.00%	88.29%	

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.556045%	0.550507%	0.550952%	0.558726%
District's proportionate share of the net OPEB liability	\$ 81,670,061	\$ 67,559,020	\$ 70,024,308	\$ 78,500,778
District's covered payroll	\$ 58,200,698	\$ 53,213,259	\$ 46,727,769	\$ 45,811,538
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	140.32%	126.96%	149.86%	171.36%
Plan fiduciary net position as a percentage of the total OPEB liability	3.99%	4.63%	2.93%	1.61%

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	2021	2020	2019	2018	2017
Contractually required contributions	\$ 2,135,156	\$ 1,880,413	\$ 2,964,864	\$ 2,855,528	\$ 2,913,241
Contributions in relation to the contractually required contributions	2,135,156	1,880,413	2,964,864	2,855,528	2,913,241
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 60,305,757	58,200,698	\$ 53,213,259	\$ 46,727,769	\$ 45,811,538
Contributions as a percentage of covered payroll	3.54%	3.23%	5.57%	6.11%	6.36%

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Teachers Retirement System of Georgia:

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

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

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

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

Public Schools Employees Retirement System of Georgia:

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

On December 17, 2015, the District adopted recommended changes to the economic and demographic assumptions utilized by the District. 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: In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

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

In 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.

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

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

OTHER SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years (3)	Project Status
SPLOST IV				
Retirement of outstanding general obligation debt of the City of Marietta to be issued in the future with respect to capital outlay projects;	\$ 15,234,750	\$ -	\$ 14,334,750	Complete
Capital Outlay Projects as follows:	40,199,519	335,698	37,053,386	Complete
Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology and information systems hardware and associated software and infrastructure at all schools and other selected facilities;				
Replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, books, and laboratory equipment;				
Acquiring automobiles for Marietta City Schools' driver education program;				
Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities;				
Total SPLOST IV Expenditures	55,434,269	335,698	51,388,136	

Continued

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years (3)	Project Status
SPLOST V				
Capital Outlay Projects as follows:	\$ 62,486,000	\$ 13,513,502	\$ 34,176,796	Ongoing
Acquiring and preparing land for the construction of new or replacement schools and the expansion of existing schools;				
Constructing and equipping two (2) new or replacement schools;				
Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology, security, and information systems hardware and associated hardware and associated software and accessories, and infrastructure at all schools and selected other facilities;				
Replacing, purchasing, upgrading or supplementing, capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment;				
Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities;				
Total SPLOST V Expenditures	62,486,000	13,513,502	34,176,796	
Total SPLOST Expenditures	<u>\$ 117,920,269</u>	<u>\$ 13,849,200</u>	<u>\$ 85,564,932</u>	
Non-SPLOST Capital Projects expenditures		3,870,635		
Total District Wide Capital Project Fund Expenditures		<u>\$ 17,719,835</u>		

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

(2) The voters of the City of Marietta 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.

(3) The balance of expenditures reported for prior years for these projects have been corrected by the School District to appropriately reflect the actual balance of SPLOST funds expended in accordance with the voter approved referendum.

STATISTICAL SECTION (unaudited)

This part of the Board of Education of the City of Marietta's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Page

Financial Trends 65

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

Revenue Capacity 71

These schedules contain information to help the reader assess the Board's most significant local revenue source, property tax.

Debt Capacity 75

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information..... 78

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information..... 85

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 69,169,095	\$ 80,930,307	\$ 83,630,198	\$ 93,651,901	\$ 98,680,076	\$ 102,166,029	\$ 105,381,471	\$ 105,283,586	\$ 122,900,156	\$ 135,275,585
Restricted	5,701,462	3,000,547	4,462,134	4,476,094	3,439,462	2,916,444	1,744,720	9,070,307	12,199,703	11,920,649
Unrestricted (deficit)	<u>32,843,196</u>	<u>28,907,964</u>	<u>31,488,940</u> ⁽¹⁾	<u>(48,844,234)</u> ⁽²⁾	<u>(47,429,257)</u>	<u>(129,177,048)</u> ⁽³⁾	<u>(125,559,135)</u>	<u>(120,523,157)</u>	<u>(135,433,659)</u>	<u>(142,626,958)</u>
Total governmental activities net position	<u>\$ 107,713,753</u>	<u>\$ 112,838,818</u>	<u>\$ 119,581,272</u>	<u>\$ 49,283,761</u>	<u>\$ 54,690,281</u>	<u>\$ (24,094,575)</u>	<u>\$ (18,432,944)</u>	<u>\$ (6,169,264)</u>	<u>\$ (333,800)</u>	<u>\$ 4,569,276</u>

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

(1) Increase in net position is generated by the increase in State funding and no offsetting increase in expenditures/expenses.

(2) The District implemented GASB Statement No. 68, *Accounting for Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which required the District to record the District's proportionate share of the TRS Retirement Plan. See Note 12 for further information.

(3) The District implemented GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the District to record the District's proportionate share of the Other Postemployment Benefits. See Note 14 for further information.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Instruction	\$ 57,466,112	\$ 60,159,535	\$ 61,103,119	\$ 59,747,981	\$ 68,031,631	\$ 74,311,088 (3)	\$ 78,099,438	\$ 74,573,813	\$ 90,805,534	\$ 93,872,985
Support Services:										
Pupil Services	3,999,604	3,790,540	3,844,918	3,946,704	4,975,068	5,197,409	5,934,626	6,708,679	7,338,969	7,780,956
Improvement of instructional services	3,427,756	3,652,451	4,193,354	4,647,180	5,114,642	4,335,553	4,608,902	5,615,956	6,181,929	5,979,702
Educational media services	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974	1,372,288	1,410,542	1,599,308	1,583,488	1,435,320
Federal grant administration (1)	202,871	212,465	223,668	243,979	266,183	273,332	47,692	97,645	197,326	204,300
General administration	1,385,866	1,508,421	1,751,530	1,836,384	1,745,685	1,739,283	1,587,491	2,193,314	2,211,574	2,140,124
School administration	5,183,714	5,294,373	5,444,040	5,564,286	5,976,621	6,065,828	6,467,686	7,065,157	7,635,362	7,914,824
Business administration	676,256	520,212	643,631	657,189	786,799	917,868	858,378	1,017,737	1,222,537	1,226,572
Maintenance & operation of plant	6,178,812	6,069,019	7,466,453 (2)	6,427,533	5,863,516	7,100,843	7,704,228	8,845,654	6,324,238	9,437,141
Student Transportation	4,048,046	4,207,392	4,565,148	4,496,225	4,629,613	5,929,587	4,906,624	5,271,551	5,487,000	5,385,968
Central support services	1,096,144	918,312	771,734	1,071,411	994,767	1,472,162	1,398,614	1,610,381	2,084,414	2,375,141
Other	377,855	318,539	303,559	385,024	438,446	21,267	4,002	45,748	51,388	44,292
Enterprise operation (3)	107,582	107,578	146,936	151,851	131,483	148,454	162,537	175,648	241,242	175,561
Food service operations	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210	5,135,667	5,043,809	5,004,687	4,668,839	4,440,353
Community service operation	1,547,353	1,547,128	1,619,411	2,141,852	1,878,038	1,904,075	1,816,630	1,948,776	1,573,650	1,166,283
Interest on long-term debt	943,259	870,510	770,063	623,896	470,416	308,771	138,167	374,783	243,390	243,391
Cost of issuance	-	-	-	-	-	-	241,524	-	-	-
Total Expenditures	92,549,818	95,155,483	99,191,084	98,398,893	108,188,092	116,233,475	120,430,890	122,148,837	137,850,880	143,822,913
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	437,050	490,340	605,334	456,839	414,397	420,476	451,116	303,979	358,149	302,822
School Nutrition	620,580	661,174	957,575	1,050,839	1,091,179	541,223	572,875	626,915	650,419	143,074
Community School Operations	1,436,174	1,642,512	1,727,997	2,046,722	2,039,067	2,016,273	1,950,186	2,016,313	1,201,567	1,162,789
Other Charges for Services	222,281	190,458	144,077	115,630	133,828	109,926	109,723	50,169	50,134	88,128
Operating Grants & Contributions	41,156,633	41,832,195	48,508,982 (1)	51,030,789	53,117,402	54,778,439	56,836,662	55,283,285	59,264,752	67,955,548
Capital Grants & Contributions	2,024,032	1,730,946	5,811	77,220	77,220	77,216	1,875,974	4,011,654	4,249,438	929,473
Total Governmental Activities program revenues	<u>45,896,750</u>	<u>46,547,625</u>	<u>51,949,776</u>	<u>54,778,039</u>	<u>56,873,093</u>	<u>57,943,553</u>	<u>61,796,536</u>	<u>62,292,315</u>	<u>65,774,459</u>	<u>70,581,834</u>
Net Expense	<u>(46,653,068)</u>	<u>(48,607,858)</u>	<u>(47,241,308)</u>	<u>(43,620,854)</u>	<u>(51,314,999)</u>	<u>(58,289,922)</u>	<u>(58,634,354)</u>	<u>(59,856,522)</u>	<u>(72,076,421)</u>	<u>(73,241,079)</u>
General Revenues										
Governmental activities:										
Property Taxes	41,310,204	42,834,308	42,995,232	42,408,036	44,103,745	45,910,055	48,989,025	53,208,934	58,677,263	61,131,172
Special purpose local option sales taxes	8,843,924	8,730,945	9,133,382	9,919,213	10,080,194	10,319,158	10,763,268	11,350,281	11,555,400	12,775,398
Other Taxes	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366	2,266,142	2,328,238	2,186,797	2,770,386	3,483,251
Investment Earnings	57,966	104,500	45,405	88,825	173,325	220,251	393,294	1,338,652	881,786	75,681
Other Miscellaneous Revenues	<u>314,596</u>	<u>270,173</u>	<u>269,128</u>	<u>1,071,651</u>	<u>337,889</u>	<u>251,073</u>	<u>1,822,160</u>	<u>1,822,160</u>	<u>4,027,050</u>	<u>278,871</u>
Total governmental activities general revenues and other changes in net position	52,141,643	53,732,923	53,983,762	55,115,693	56,721,519	58,966,679	64,295,985	69,906,824	77,911,885	77,744,373
Change In Net Position	\$ 5,488,575	\$ 5,125,065	\$ 6,742,454	\$ 11,494,839	\$ 5,406,520	\$ 676,757	\$ 5,661,631	\$ 10,050,302	\$ 5,835,464	\$ 4,503,294

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

(1) Due to improvements in the State economy, the austerity reductions were less than anticipated and resulted in an increase in State funding.

(2) The District agreed to settle a large claim for approximately \$900,000 which caused the one time increase in expenses.

(3) The District analyzed salaries and significantly increased certified salaries for competitiveness.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nondisposable	\$ 182,049	\$ 253,338	\$ 319,312	\$ 563,798	\$ 431,848	\$ 41,548	\$ 14,003	\$ 29,699	\$ 24,368	\$ 127,320
Restricted	76,991	55	55	-	-	-	-	-	-	231,660
Committed	215,147	231,993	283,678	411,572	325,171	354,813	340,906	416,373	462,031	409,128
Assigned	4,389,816	4,354,015	3,920,438	4,637,706	5,562,966	4,409,877	4,748,328	4,684,782	5,758,366	5,367,921
Unassigned	14,840,186	13,680,179	12,904,092	13,116,214	11,810,072	12,214,914	14,016,887	14,976,415	17,075,985	19,852,172
Total general fund	<u>\$ 19,704,189</u>	<u>\$ 18,519,580</u>	<u>\$ 17,427,575</u>	<u>\$ 18,729,290</u>	<u>\$ 18,130,057</u>	<u>\$ 17,021,152</u>	<u>\$ 19,120,124</u>	<u>\$ 20,107,269</u>	<u>\$ 23,320,750</u>	<u>\$ 25,988,201</u>
All Other Governmental Funds										
Nondisposable	\$ 53,213	\$ 61,217	\$ 66,326	\$ 100,913	\$ 116,665	\$ 66,876	\$ 42,140	\$ 176,642	\$ 122,928	\$ 427,711
Restricted	5,624,471	3,000,492	4,462,079	4,476,094	3,439,462	2,867,338	13,468,117	7,635,819	7,469,274	9,615,588
Committed	21,767	15,927	22,346	10,880	11,928	17,000	13,567	22,883	22,753	12,496
Assigned	13,126,677	10,452,254	15,577,445	11,728,158	11,933,525	13,682,365	16,783,440	18,369,573	6,352,617	5,718,449
Total all other governmental funds	<u>\$ 18,826,128</u>	<u>\$ 13,529,890</u>	<u>\$ 20,128,196</u>	<u>\$ 16,316,045</u>	<u>\$ 15,501,580</u>	<u>\$ 16,633,579</u>	<u>\$ 30,307,264</u>	<u>\$ 26,204,917</u>	<u>\$ 13,967,572</u>	<u>\$ 15,774,244</u>

1) The District completed several large capital projects in the 2013 fiscal year which increased capital outlays nearly \$10 million from the prior year.

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 52,329,311	\$ 53,864,586	\$ 53,649,929	\$ 54,008,448	\$ 56,230,182	\$ 58,554,276	\$ 62,057,563	\$ 66,527,720	\$ 72,990,985	\$ 77,664,491
Intergovernmental	41,098,550	41,482,809	45,512,796	48,478,713	50,579,174	52,432,657	56,277,757	56,657,846	60,870,674	66,432,980
Charges for services	2,716,085	2,930,751	1,563,663	1,519,253	1,521,188	984,502	1,059,150	954,181	1,008,568	445,896
Investment Earnings	63,011	112,434	50,954	97,776	181,692	236,985	417,111	1,408,313	951,447	76,445
Other sources	2,391,666	2,396,304	5,125,037	4,760,530	4,849,332	4,364,007	6,107,191	8,459,253	7,573,534	3,730,509
Total revenues	98,598,623	100,786,884	105,902,379	108,864,720	113,361,568	116,572,427	125,918,772	134,007,313	143,395,208	148,350,321
Expenditures:										
Current:										
Instruction	55,755,991	58,828,062	56,767,976	59,012,935	63,475,348	65,947,345	70,421,883	75,089,217	78,895,618	80,963,973
Pupil services	3,951,896	3,701,914	3,767,051	4,003,438	4,896,193	5,485,209	6,057,207	6,809,744	7,234,256	7,671,721
Instructional Services	3,437,150	3,659,551	4,191,535	4,647,872	5,113,444	5,759,558	5,635,486	5,625,737	6,130,432	5,936,605
Educational media services	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974	1,372,288	1,410,542	1,599,308	1,583,488	1,435,320
General administration	1,503,212	1,564,445	1,729,213	1,835,901	1,735,024	1,930,917	1,886,164	2,098,282	2,196,425	2,203,560
School administration	5,196,715	5,300,852	5,451,370	5,552,558	5,980,652	6,093,372	6,445,465	7,075,591	7,585,635	7,899,435
Business administration	681,189	525,847	641,995	655,269	788,307	915,148	852,229	1,028,743	1,206,874	1,225,782
Maintenance and operations	6,233,190	6,791,439	6,554,485	7,583,314	6,801,471	7,081,342	7,728,878	8,859,571	8,899,973	9,996,739
Student transportation service	4,196,548	4,340,546	4,300,726	4,548,643	4,820,913	5,100,909	5,268,482	5,659,867	4,998,537	4,975,578
Support services - central	1,109,431	1,524,524	775,186	1,073,464	994,084	1,475,041	1,403,587	1,603,375	2,051,705	2,363,375
Other support services	381,022	337,310	302,377	391,921	436,121	21,267	4,002	4,000	-	-
Enterprise operations	107,582	107,578	146,936	151,851	131,483	148,454	162,537	175,648	241,242	175,561
School nutrition	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210	5,135,667	5,043,809	5,004,687	4,668,839	4,440,353
Community service operations	1,550,889	1,548,859	1,619,943	2,149,171	1,877,802	1,903,146	1,812,091	1,949,107	1,571,621	1,163,858
Capital outlay	2,452,710	9,363,171 (1)	4,122,917	10,522,921 (1)	7,199,048 (1)	4,512,765	4,032,866	13,474,420 (2)	24,733,868 (2)	13,331,270
Debt service:										
Principal	2,720,000	2,795,000	2,865,000	2,105,000	3,160,000	3,335,000	3,520,000	710,000	-	-
Interest	974,425	899,625	829,750	686,500	536,250	378,250	211,500	420,530	500,400	500,400
Cost of issuance	-	-	-	-	-	-	241,524	-	-	-
Total expenditures	96,160,538	107,267,731	100,409,980	111,378,156	114,831,324	116,595,678	122,138,252	137,187,827	152,498,913	144,283,530
Excess (deficiency) of revenues over expenditures	2,438,085	(6,480,847)	5,492,399	(2,513,436)	(1,469,756)	(23,251)	3,780,520	(3,180,514)	(9,103,705)	4,066,791
Other financing sources (uses)										
Proceeds from sale of capital assets	-	-	13,902	3,000	56,058	46,345	50,611	65,312	79,841	7,550
Transfers in	2,068,813	3,460,736	5,913,946	819,405	3,560,051	3,766,353	3,572,894	1,901,546	3,788,592	7,258,713
Transfers out	(2,068,813)	(3,460,736)	(5,913,946)	(819,405)	(3,560,051)	(3,766,353)	(3,572,894)	(1,901,546)	(3,788,592)	(7,258,713)
Bond proceeds	-	-	-	-	-	-	10,690,000 (3)	-	-	-
Premium on bonds proceeds	-	-	-	-	-	-	1,251,526	-	-	-
Total other financing sources (uses)	-	-	13,902	3,000	56,058	46,345	11,992,137	65,312	79,841	7,550
Net change in fund balances	\$ 2,438,085	\$ (6,480,847)	\$ 5,506,301	\$ (2,510,436)	\$ (1,413,698)	\$ 23,094	\$ 15,772,657	\$ (3,115,202)	\$ (9,023,864)	\$ 4,074,341
Debt service as a percentage of non-capital expenditures	3.9%	3.8%	3.8%	2.8%	3.4%	3.3%	0.0%	0.9%	0.4%	0.3%

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

(1) Due to funding constraints the District's capital outlay projects are typically staggered to allow for minimal financing of the projects.

(2) The change in capital outlay from 2018 to 2019 and from 2019 to 2020 is due to two major construction projects: The College & Career Academy at MHS and the new Park Street Elementary School.

(3) The issuance of bonds in May 2018 created funding to complete multiple SPLOST projects earlier in the SPLOST 5 plan.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GENERAL FUND GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue Source										
Property Taxes	\$ 41,870,434	\$ 43,340,644	\$ 42,975,932	\$ 42,461,267	\$ 44,123,622	\$ 45,968,976	\$ 48,966,057	\$ 52,990,642	\$ 58,987,881	\$ 61,083,160
State Funds	30,282,747	31,429,895	35,824,838	37,814,050	40,419,172	42,424,904	46,378,923	46,912,028	51,129,329	48,748,228
Federal Funds	-	-	-	-	-	613,061	533,690	519,497	199,492	167,053
Other Taxes	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366	2,266,142	2,328,238	2,186,797	2,770,386	3,483,251
Charges for Services	536,885	490,340	605,334	468,414	430,009	443,279	486,275	327,266	358,149	302,822
Investment Earnings	44,386	85,602	32,103	70,720	153,436	180,737	244,911	816,276	627,970	62,450
Other Miscellaneous Revenues	2,235,814	2,237,056	3,138,476	2,433,828	2,357,154	1,835,624	2,152,505	2,122,420	1,982,849	2,078,168
Total Revenues	\$ 76,585,219	\$ 79,376,534	\$ 84,117,298	\$ 84,876,247	\$ 89,509,759	\$ 93,732,723	\$ 101,090,599	\$ 105,874,926	\$ 116,056,056	\$ 115,925,132

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GENERAL FUND GOVERNMENTAL EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
Current:										
Instruction	\$ 50,497,523	\$ 52,917,674	\$ 53,467,503	\$ 55,363,421	\$ 59,029,737 (1)	\$ 61,504,431	\$ 63,013,252	\$ 67,096,748	\$ 70,489,822	\$ 70,112,238
Pupil Services	6,252,634	6,512,629	7,213,557	7,950,601	8,940,303	10,106,485	12,040,137	13,132,696	14,002,378	13,997,675
School & Administrative Services	6,993,058	6,890,507	7,209,259	7,282,569	7,656,893	7,993,166	8,698,396	9,470,360	10,449,181	10,679,563
Maintenance & Operations	6,104,768	5,997,112	6,485,729	7,212,742	6,678,655	6,596,219	6,760,854	7,217,424	7,570,505	5,802,982
Student Transportation	3,940,906	4,092,002	4,173,805	4,212,988	4,601,662	4,670,191	4,436,358	4,831,152	4,844,510	4,368,918
Other	677,514	690,483	745,504	732,806	755,893	820,597	902,277	1,239,617	1,711,430	1,444,924
Total Current Expenditures	\$ 74,466,403	\$ 77,100,407	\$ 79,295,357	\$ 82,755,127	\$ 87,663,143	\$ 91,691,089	\$ 95,851,274	\$ 102,987,997	\$ 109,067,826	\$ 106,406,300

Source: Applicable annual financial report (2012-2013) and Annual Comprehensive Financial Report (2014-2021).

(1) The District analyzed salaries and significantly increased certified salaries for competitiveness.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA- ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real & Personal Property			Public Utilities	Motor Vehicles	Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential	Commercial	Other						
2012	\$ 938,597,107	\$ 1,511,341,681	\$ 65,078,877	\$ 32,725,646	\$ 173,306,260	\$ (90,772,583)	\$ 2,630,276,988	17.970	\$ 6,575,692,470
2013	881,908,736	1,527,184,515	67,630,282	30,091,324	167,482,790	(67,072,529)	2,607,225,118	19.157	6,518,062,795
2014	879,610,370	1,478,035,097	66,047,393	32,617,733	196,575,996	(82,317,947)	2,570,568,642	18.682	6,426,421,605
2015	953,712,220	1,486,271,023	67,102,798	35,430,207	165,398,610	(99,356,626)	2,608,558,232	17.970	6,521,395,580
2016	1,017,000,410	1,576,286,395	69,788,846	39,277,570	96,766,950	(100,827,641)	2,698,292,530	17.970	6,745,731,325
2017	1,148,085,718	1,625,449,092	64,748,836	39,768,926	69,926,410	(117,899,672)	2,830,079,310	17.970	7,075,198,275
2018	1,275,402,476	1,741,311,476	67,474,432	37,734,530	51,473,260	(105,444,960)	3,067,951,214	17.970	7,669,878,035
2019	1,392,730,400	1,892,743,253	71,748,032	38,501,228	37,393,020	(105,250,888)	3,327,865,045	17.970	8,319,662,613
2020	1,523,084,751	1,961,215,004	75,516,765	36,110,874	27,653,270	(123,837,998)	3,499,742,666	17.970	8,749,356,665
2021	1,638,296,895	2,027,117,034	79,510,193	34,027,609	21,875,290	(111,936,225)	3,688,890,796	17.970	9,222,226,990

Property Tax Assessments are based on 40% of the appraised market value as of January 1 each year. School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.

Note: The other category is comprised of historical properties, agriculture, conservation use, industrial property, brownfield property, mobile homes, and heavy equipment.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate			Overlapping Rates			Total Direct & Overlapping Rates
	Marietta School Operating	Marietta School Bond	Marietta School Total	City of Marietta Operating	Cobb County	Downtown Marietta DA (1) Millage	
2012	17.970	1.187	19.157	5.238	8.05	2.09	34.535
2013	19.157	- (2)	19.157	4.048	8.05	2.09	33.345
2014	18.682	-	18.682	4.048	7.65	2.07	32.450
2015	17.970	-	17.970	6.050	7.45	2.07	33.540
2016	17.970	-	17.970	6.050	7.45	1.99	33.460
2017	17.970	-	17.970	5.590	6.89	1.82	32.270
2018	17.970	-	17.970	5.618	8.59	1.78	33.958
2019	17.970	-	17.970	5.368	8.59	1.78	33.708
2020	17.970	-	17.970	5.368	8.59	1.78	33.708
2021	17.970	-	17.970	4.992	8.59	1.64	33.192

Source: City of Marietta tax department, District Records

(1) The Downtown Marietta Development Authority is a special purpose district in the downtown business areas that assesses an additional tax levy.

(2) The District no longer needed a debt service millage as the note payable to the Downtown Marietta Development Authority was paid in full. The millage was adjusted to be M&O.

Note: School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA - PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bridge III GA Laurel Hills	\$ 33,443,120	1	0.93%			
C W Matthews Contracting Co.	23,333,692	2	0.65%	\$ 13,632,752	1	0.49%
Bridge WF GA Park Windy Hill	23,040,160	3	0.64%			
WAH14 Arbors at East Cobb LLC	18,960,000	4	0.53%			
Lakeside 358 LLC	16,531,600	5	0.46%			
Kennestone Physicians Center I	15,480,880	6	0.43%	7,852,800	8	0.29%
Winterset At East Cobb LLC	13,690,200	7	0.38%			
MRP Gallery Apartments LLC	13,600,000	8	0.38%			
Parkway Center Properties LLLP 1	11,240,000	9	0.31%	7,980,000	5	0.29%
Parkway Center Properties LLLP 2	10,864,000	10	0.30%	7,980,000	6	0.29%
Laurel Hills Apartment LLC				13,040,000	2	0.47%
Sterling Town Center Apartments				10,600,000	3	0.38%
Bellsouth Telecom/AT&T				9,041,704	4	0.33%
Rauls Frank P & Tyler J Rauls				7,924,254	7	0.29%
Marietta II E & A LLC				6,512,760	9	0.24%
Atlanta Gas Light				6,718,979	10	0.24%
	<u>\$ 180,183,652</u>		<u>5.01%</u>	<u>\$ 91,283,249</u>		<u>3.31%</u>

Source: City of Marietta, GA

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2012	\$	43,169,038	\$ 42,392,486	98.20%	\$ 776,404	\$ 43,168,890	100.00%
2013		45,507,072	45,180,644	99.28%	325,574	45,506,218	100.00%
2014		43,655,195	43,267,638	99.11%	387,448	43,655,086	100.00%
2015		43,010,798	42,759,977	99.42%	234,501	42,994,478	99.96%
2016		44,492,374	44,267,858	99.50%	203,560	44,471,418	99.95%
2017		45,844,142	45,601,996	99.47%	202,880	45,804,876	99.91%
2018		49,956,595	49,753,053	99.59%	153,758	49,906,811	99.90%
2019		54,455,925	54,068,854	99.29%	333,027	54,401,881	99.90%
2020		57,284,387	57,083,799	99.65%	129,648	57,213,447	99.88%
2021		59,837,709	59,448,670	99.35%	-	59,448,670	99.35%

Source: District records and City of Marietta, GA tax department

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year		Intergovernmental Payable	Percentage of Personal Income (1)		Per Capita
2012	\$	19,390,000	1.27%	\$	332.94
2013		16,595,000	1.07%		282.53
2014		13,730,000	0.91%		232.04
2015		10,725,000	0.71%		179.40
2016		7,565,000	0.51%		128.07
2017		4,230,000	0.26%		69.41
2018		12,651,526	0.64%		204.45
2019		11,743,771	0.63%		191.35
2020		11,486,761	0.54%		185.93
2021		11,229,752	0.52%		184.08

(1) Personal Income is presented in City of Marietta, GA Demographic Statistics table

Source: Applicable annual financial report (2011-2013) and Comprehensive Annual Financial Report (2014-2020)
and City of Marietta, GA

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Marietta Board of Education	\$ 11,229,752	100%	\$ 11,229,752
City of Marietta, Georgia	79,236,533	100%	79,236,533
Cobb County, Georgia	435,485,000	11.71%	50,995,294
Total overlapping debt	514,721,533		130,231,827
Total direct and overlapping debt	\$ 525,951,285		\$ 141,461,579

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Outstanding debt data obtained from the City of Marietta.

Note: Overlapping governments are those coinciding, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The calculation for the overlapping debt was determined by allocating the percentage of Net M&O for the city versus the total for the County. This information was obtained from the City of Marietta.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value	\$ 2,630,276,988	\$ 2,607,225,118	\$ 2,570,568,642	\$ 2,608,558,232	\$ 2,698,292,530	\$ 2,830,079,310	\$ 3,067,951,214	\$ 3,327,865,045	\$ 3,499,742,666	\$ 3,688,890,796
Debt Limit: 10% of assessed value	263,027,699	260,722,512	257,056,864	260,855,823	269,829,253	283,007,931	306,795,121	332,786,505	349,974,267	368,889,080
Less: Debt applicable to debt limit	-	-	-	-	-	-	10,690,000	10,690,000	10,690,000	10,690,000
Legal Debt Margin	\$ 263,027,699	\$ 260,722,512	\$ 257,056,864	\$ 260,855,823	\$ 269,829,253	\$ 283,007,931	\$ 296,105,121	\$ 322,096,505	\$ 339,284,267	\$ 358,199,080
Margin to Limit	100%	100%	100%	100%	100%	100%	97%	97%	97%	97%

Source: (1) Georgia Department of Revenue - Local Government Services Division County Digest Section

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

**CITY OF MARIETTA, GEORGIA - DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Personal Income	Per Capita Income(1)	Median Age(1)	School Enrollment(2)	Unemployment Rate
2012	58,238	\$ 1,529,272,000	\$ 26,259	32.8	8,205	9.70%
2013	58,738	1,555,911,000	26,489	33.7	8,395	9.20%
2014	59,172	1,507,868,000	25,483	34.0	8,832	7.80%
2015	59,781	1,503,256,000	25,146	33.8	9,006	5.70%
2016	59,067	1,475,494,000	24,980	32.9	8,932	5.00%
2017	60,941	1,622,067,000	26,617	32.9	8,875	4.20%
2018	61,881	1,972,476,000	31,875	34.0	8,926	3.60%
2019	61,374	1,850,327,000	30,148	34.0	8,756	3.30%
2020	61,780	2,147,048,000	34,753	34.3	8,727	8.80%
2021	61,006	2,159,124,000	35,392	34.5	8,599	3.70%

(1) Information obtained from City of Marietta, Georgia.

(2) Enrollment was determined in early October of each fiscal year.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA - PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wellstar Kennestone Hospital	5,055	1	14.05%	4,664	1	13.0%
Dobbins Air Reserve Base	2,000	2	5.56%	880	10	2.5%
Cobb County Public Safety	1,600	3	4.45%			
Tip Top Poultry, Inc.	1,400	4	3.89%			
Cobb County Board of Education	1,368	5	3.80%	1,060	7	3.0%
Marietta City Schools	1,266	6	3.52%	1,157	6	3.2%
Cobb County Government	1,171	7	3.25%	900	9	2.5%
XPO Last Mile	750	8	2.08%			
City of Marietta	716	9	1.99%			
Cobb Energy Management Corp (EMC)	640	10	1.78%			
Lockheed Martin Aeronautical Systems				7,000	1	19.5%
YKK Corp of America				2,400	3	6.7%
Alere				1,981	4	5.5%
Columbian Chemical Company				1,300	5	3.6%
C.W. Matthews Contracting, Inc.				961	8	2.7%
	<u>15,966</u>		<u>44.4%</u>	<u>22,303</u>		<u>62.0%</u>

(1) Information obtained from City of Marietta, Georgia.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS* LAST TEN FISCAL YEARS

Positions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
A.L. Burruss Elementary School										
Classroom Teachers	31	35	37	37	37	38	39	39	38	37
Support Personnel	19	19	19	16	17	19	20	20	17	21
Administrators	2	2	2	2	3	3	2	2	2	2
Dunleith Elementary School										
Classroom Teachers	45	48	51	55	49	52	51	48	46	43
Support Personnel	30	31	28	25	23	24	26	23	22	22
Administrators	2	2	2	3	3	3	3	3	3	3
Emily Lembeck Early Learning Center										
Classroom Teachers	-	-	-	-	-	-	-	8	6	8
Support Personnel	-	-	-	-	-	-	-	12	11	11
Administrators	-	-	-	-	-	-	-	1	3	2
Hickory Hills Elementary School										
Classroom Teachers	35	37	42	39	37	40	36	38	37	36
Support Personnel	28	26	24	24	24	20	22	23	20	20
Administrators	2	2	2	2	3	3	3	2	3	3
Lockheed Elementary School										
Classroom Teachers	58	59	62	68	65	64	64	66	61	61
Support Personnel	37	35	29	28	24	26	30	25	24	25
Administrators	3	3	3	3	4	4	2	3	3	4
Marietta Centers for Advanced Academics										
Classroom Teachers	15	16	16	15	16	16	17	19	19	20
Support Personnel	10	10	8	10	10	11	10	11	8	12
Administrators	2	2	2	2	2	2	2	2	2	2
Park Street Elementary School										
Classroom Teachers	44	45	46	42	52	53	52	50	52	47
Support Personnel	29	23	23	22	29	27	26	25	26	27
Administrators	2	2	2	2	4	4	3	4	3	3
Sawyer Road Elementary School										
Classroom Teachers	48	52	55	61	62	64	63	61	56	56
Support Personnel	26	25	27	28	24	23	22	29	25	22
Administrators	2	2	3	3	3	3	3	3	3	3

(Continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS* LAST TEN FISCAL YEARS

Positions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
West Side Elementary School										
Classroom Teachers	40	35	36	37	39	38	39	36	40	41
Support Personnel	24	20	20	18	19	18	22	22	17	20
Administrators	2	2	2	2	2	2	2	3	2	2
Marietta Sixth Grade Academy										
Classroom Teachers	43	45	45	46	50	48	50	51	52	53
Support Personnel	26	22	24	26	24	20	25	25	14	15
Administrators	2	2	2	2	3	3	2	2	3	3
Marietta Middle School										
Classroom Teachers	81	84	83	83	81	87	92	88	94	94
Support Personnel	41	41	36	36	35	37	40	46	34	34
Administrators	4	4	4	4	5	5	5	5	5	5
Marietta High School										
Classroom Teachers	131	133	127	132	133	139	138	145	153	157
Support Personnel	48	51	48	50	53	53	60	59	54	58
Administrators	9	9	10	10	13	12	12	12	13	12
Performance Learning Center										
Classroom Teachers	7	7	7	7	7	7	7	2	3	3
Support Personnel	3	3	3	3	2	3	3	2	3	3
Administrators	1	1	1	1	1	1	1	1	0	0
Other Education Facilities										
Classroom Teachers	3	3	2	1	1	1	1	1	1	1
Support Personnel	-	-	-	-	-	-	-	-	-	-
Administrators	2	2	1	1	1	-	-	-	-	-
Central Office										
Support Personnel	39	46	43	47	46	46	45	45	63	62
Administrators	8	9	9	9	9	11	9	9	12	16

(Continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS* LAST TEN FISCAL YEARS

Positions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maintenance Facility										
Support Personnel	9	10	8	8	7	6	6	6	6	6
Other Auxiliary Facility										
Support Personnel	32	30	31	33	35	32	26	26	63	66
Administrators	2	2	2	2	2	3	3	6	10	10
Transportation										
Support Personnel	93	92	100	96	96	94	91	90	86	87
School Board Members	7	7	7	7	7	7	7	7	7	7
	1,127	1,136	1,134	1,148	1,162	1,172	1,182	1,206	1,225	1,245

*CPI Annual School Report filed with the Department of Education (rounded by location)
Source: District Human Resources Department

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

NUMBER OF PERSONNEL AND RATIO OF PUPILS TO PROFESSIONAL PERSONNEL LAST TEN FISCAL YEARS

Fiscal Year	Professional Personnel (1)	Other Operating Personnel (2)	Service Personnel (3)	Total Personnel	Enrollment (4)	Ratio of Pupils to Professional Personnel
2012	701	340	93	1,134	8,205	11.7 : 1
2013	717	316	109	1,142	8,395	11.7 : 1
2014	732	298	111	1,141	8,832	12.1 : 1
2015	751	299	108	1,158	9,006	12.0 : 1
2016	759	309	103	1,171	8,932	11.8 : 1
2017	794	281	100	1,175	8,915	11.2 : 1
2018	809	286	97	1,192	8,926	11.0 : 1
2019	811	304	96	1,211	8,756	10.8 : 1
2020	820	319	92	1,231	8,877	10.8 : 1
2021	832	330	93	1,255	8,599	10.3 : 1

(1) Professional Personnel consists of all certified personnel including teachers, librarians, counselors, supervisors, consultants, coordinators, principals, assistant principals, and other leadership personnel.

(2) Other operating personnel includes, non-certified leadership personnel, classroom aides, secretarial, food service personnel, custodial, clerical employees and other technicians.

(3) Service Personnel includes bus drivers and maintenance/warehouse employees.

(4) Enrollment was determined in early October of each fiscal year.

Source: CPI Reports submitted to Department of Education

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

TEACHER'S SALARY SCHEDULE LAST TEN FISCAL YEARS

Fiscal Year	Minimum (1)	Maximum (2)	Annual Salary Increase Approved by School Board	State-Wide Average (3)
2012	\$ 39,144	\$ 87,523	0.0%	\$ 53,002
2013	39,144	89,273	2.0%	52,956
2014	38,500	89,273	0.0%	52,973
2015	40,500	88,444	1.0%	53,424
2016	42,000	84,016	4.2% (4)	54,215
2017	43,050	85,966	4.1% (4)	55,537
2018	43,481	86,766	2.5% (4)	56,342
2019	43,698	87,170	2.0% (4)	57,072
2020	46,698	90,560	6.5% (4)	60,558
2021	46,698	92,076	1.8% (4)	(5)

(1) Minimum - Bachelors T-4

(2) Maximum - Doctorate T-7

(3) Georgia Governor's Office of Student Achievement

(4) Average Salary increase for Certified Positions

(5) Unavailable at time of printing

Source: District Human Resources Department and District FY2016 - FY2020 Salary Schedules

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

OPERATING STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Expenditures	Enrollment (1)	Cost Per Pupil Enrolled	Percentage of Change	Professional Personnel	Ratio of Pupils to Professional Personnel
2012	\$ 96,160,538	8,205	\$ 11,720	-1.79%	701	11.7 : 1
2013	107,267,731	8,395	12,778	9.03%	717	11.7 : 1
2014	100,409,980	8,832	11,369	-11.02%	732	12.1 : 1
2015	111,378,156	9,006	12,367	8.78%	751	12.0 : 1
2016	114,831,324	8,932	12,856	3.95%	759	11.8 : 1
2017	116,595,678	8,915	13,079	1.73%	794	11.2 : 1
2018	122,138,252	8,926	13,683	4.62%	809	11.0 : 1
2019	137,187,827	8,756	15,668	14.50%	811	11.0 : 1
2020	152,498,913	8,877	17,179	9.65%	820	10.8 : 1
2021	144,283,530	8,599	16,779	-2.33%	832	10.3 : 1

(1) Enrollment was determined in early October of each fiscal year.

Source: District Records

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL NUTRITION PROGRAM LAST TEN FISCAL YEARS

Fiscal Year	Average # of Lunches Served Daily	Student Lunch Prices			Average # of Breakfasts Served Daily	Student Breakfast Prices (1)		Breakfast Sites	Free and Reduced Eligibility
		Elementary & Primary School	Middle School	High School		Elementary & Middle Schools	High School		
2012	5,944	\$ 1.90	\$ 2.00	\$ 2.00	4,397	-	-	11	66.59%
2013	6,014	2.00	2.10	2.10	4,836	-	-	11	67.69%
2014	6,118	2.05	2.15	2.15	4,615	-	-	11	65.23%
2015	5,869	2.10	2.20	2.25	4,146	-	-	11	64.00%
2016	5,678	2.20	2.25	2.30	3,929	-	-	11	63.93%
2017	5,432	2.20	2.30	2.35	3,724	-	-	11	62.13%
2018	5,119	2.30	2.35	2.40	3,596	-	-	11	56.14%
2019	4,876	2.35	2.40	2.45	3,253	-	-	12	54.68%
2020	4,977	2.45	2.55	2.65	2,560	\$ 1.80	\$ 1.80	12	60.10%
2021	2,860	2.50	2.60	2.70	2,123	1.80	1.80	12	57.66% (2)

Source: District Records

(1) Prior to fiscal year 2020, all students qualified to receive free breakfast.

(2) The decrease in meals served in fiscal year 2021 was due to the Covid-19 Pandemic and the option for students to attend school virtually.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL BUILDINGS LAST TEN FISCAL YEARS

School Name	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
A.L. Burruss Elementary School										
Square Feet	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	389	439	469	445	497	451	495	495	426	426
Dunleith Elementary School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,558
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	634	655	721	709	697	701	626	626	558	546
Emily Lembeck Early Learning Center ⁽¹⁾										
Square Feet	-	-	-	-	-	-	-	24,595	24,595	24,595
Capacity	-	-	-	-	-	-	-	255	255	255
Enrollment	-	-	-	-	-	-	-	148	149	120
Hickory Hills Elementary School										
Square Feet	55,924	55,924	55,924	55,924	55,924	55,924	55,924	55,924	66,176	66,176
Capacity	525	525	525	525	525	525	525	525	625	625
Enrollment	446	474	487	374	404	385	372	372	360	361
Lockheed Elementary School										
Square Feet	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	99,213
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	86	818	860	861	823	859	773	773	727	670
Marietta Center for Advanced Academics										
Square Feet	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	47,005
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	271	305	319	328	324	328	334	334	329	307
Park Street Elementary School										
Square Feet	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	84,370
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	546	584	648	661	546	643	552	552	531	470
Sawyer Road Elementary School										
Square Feet	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	714	739	760	769	774	780	758	758	640	593
West Side Elementary School										
Square Feet	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,679	61,679
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	539	498	492	535	526	538	504	504	542	541
Marietta Sixth Grade Academy										
Square Feet	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	117,437	117,437
Capacity	775	775	775	775	775	775	775	775	775	775
Enrollment	614	661	675	681	678	681	736	736	702	668
Marietta Middle School										
Square Feet	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	257,844
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,164	1,170	1,281	1,343	1,303	1,337	1,276	1,276	1,385	1,365

(continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL BUILDINGS LAST TEN FISCAL YEARS

School Name	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Marietta High School										
Square Feet	365,000	365,000	390,109	390,109	390,109	390,109	390,109	390,109	452,310	452,310
Capacity	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,700	2,700
Enrollment	2,001	2,024	2,052	2,215	2,270	2,220	2,321	2,321	2,518	2,388
Marietta Performance Learning Center										
Square Feet	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	20,800
Capacity	115	115	115	115	115	115	115	115	115	491
Enrollment	100	104	104	85	90	123	168	168	170	156

Note: Increases in square footage are the results of renovations and additions.

(1) The Emily Lembeck Early Learning Center opened in fiscal year 2019.

Source: District Records

COMPLIANCE SECTION



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

**To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, 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 Marietta City Schools (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 17, 2022. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 17, 2022



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

**To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the Marietta City Schools (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 17, 2022

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Funding Agency <u>Program/Grant</u>	Assistance Listing Number	Pass-Through Entity ID Number	Expenditures In Period
U. S. Department of Agriculture			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
National School Breakfast Program - Cash Assistance	10.553	215GA324N1199	\$ 1,242,312
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	215GA324N1199	346,627
Cash Assistance (2)	10.555	215GA324N1199	2,606,908
Total Child Nutrition Cluster			<u>4,195,847</u>
Direct Awards			
Fresh Fruits and Vegetables Program	10.582	215GA324L1603	106,841
Total U. S. Department of Agriculture			<u>4,302,688</u>
U. S. Department of Education			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Title VI-B Flow Through	84.027	H027A200073	1,845,762
Title VI-B Preschool Grants	84.173	H173A200081	53,072
Total Special Education Cluster			<u>1,898,834</u>
Title I-A Program			
Title I-A - Improving the Academic Achievement of the Disadvantaged	84.010	S010A200010	2,285,459
Total Title I-A Program			<u>2,285,459</u>
Education Stabilization Fund (ESSER)			
COVID-19: Elementary & Secondary School Emergency Relief Fund	84.425D	S425D200012	3,898,190
COVID-19: ARP-Elementary & Secondary School Emergency Relief Fund	84.425U	S425U200012	1,207,233
Total Education Stabilization Fund (ESSER)			<u>5,105,423</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Vocational Education - Basic Grant	84.048	V048A200010	93,458
Education for Homeless Children and Youth	84.196	S196A200011	56,349
State Personnel Development	84.323	H323A170010	6,000
Title IV-B, Part A, Student Support and Academic Enrichment	84.424	S365A200010	158,405
Title III-A, Limited English Proficient	84.365	S367A200001	202,383
Title II-A, Improving Teacher Quality	84.367	S424A200011	326,952
Total U. S. Department of Education			<u>10,133,263</u>
U. S. Department of The Treasury			
Pass-Through From U.S. Department of the Treasury			
COVID-19: Coronavirus Relief Fund	21.019	Ref 19245	2,399,054
Total U. S. Department of Treasury			<u>2,399,054</u>
Total Expenditures of Federal Awards			<u>\$ 16,835,005</u>

Continued

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Notes to the Schedule of Expenditures of Federal Awards

- (1) The amounts shown for the Food Distribution Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the District during the current fiscal year.
- (2) Expenditures for the fund earned on Child and Adult Care Food Program and the School Snack Program were not maintained separately and are included in the National School Lunch Program.
- (3) The School District received \$78,641 of donated personal protective equipment (PPE) from FEMA in fiscal year 2021.

The District did not provide Federal Assistance to any Subrecipient.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marietta Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

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

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the Auditor issued on whether the financial
statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major federal programs:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified? ☐ yes ☒ none reported

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

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

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.533 & 10.555	Child Nutrition Cluster
84.425D & 84.425U	COVID-19: Education Stabilization Fund
21.019	COVID-19: Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

**SECTION II
FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

None reported