Hall County Board of Education

Gainesville, GA

Annual Financial Report

For the Fiscal Year Ended June 30, 2021

Including Independent Auditor's Report

Hall County Board of Education

Table of Contents

Section I

Financial

Required Supplementary Information

Exhibits

Schedules

Required Supplementary Information

Hall County Board of Education

Table of Contents

Section I

Schedules

Required Supplementary Information

Supplementary Information

Section II

Compliance and Internal Control Reports

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

Section IV

Findings and Questioned Costs

Section I

Financial

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Will Schofield, Superintendent and Members of the
Hall County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

Greg S. Griffin
State Auditor

April 20, 2022

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

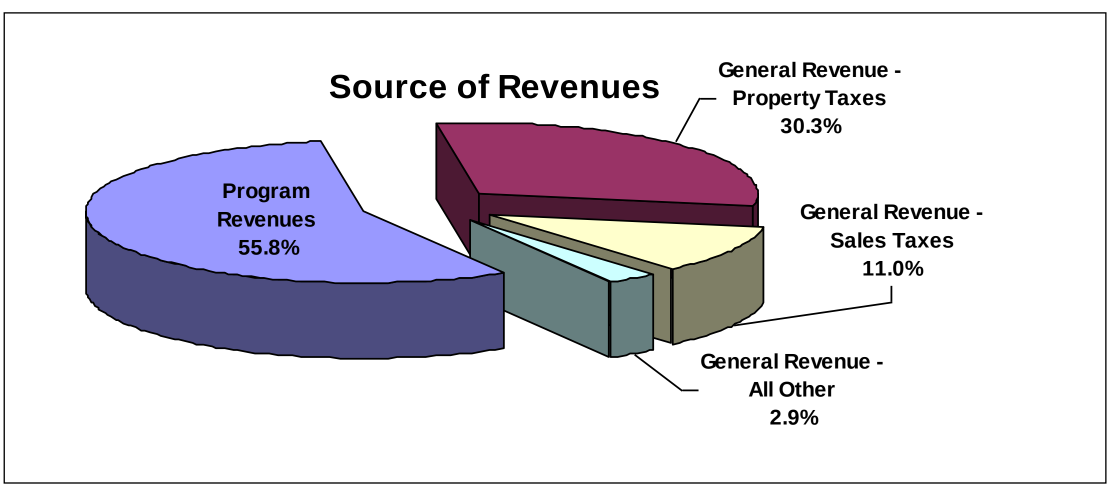
Key financial highlights for fiscal year 2021 are as follows:

On the government-wide financial statements:

- The School District's net position at June 30, 2021 was ($1.2) million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The deficit net position at June 30, 2021 of ($1.2) million represented an increase of about $17.0 million when compared to the prior year. The increase in net position was primarily attributable to COVID-19 having a limiting effect on operations, which resulted in a significant reduction in expenditure requirements for certain aspects of School District operations.

- The School District had $342.6 million in expenses relating to governmental activities; $200.4 million of the $342.6 million in expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) and special item of almost $159.2 million were adequate to provide for these programs.

- As stated above, general revenues and special item accounted for almost $159.2 million or about 44.3% of all revenues and special item totaling $359.6 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in table below have been rounded to one decimal place.)



On the fund financial statements:

- Among major funds, the general fund had almost $325.0 million in revenues and $297.0 million in expenditures. The general fund balance was $77.6 million at June 30, 2021, an increase of about $27.8 million from the prior year. The increase in fund balance was primarily attributable to the School District's actual expenditures being substantially less than the amount budgeted. This situation occurred, in part, because revenue sources were not impacted to the extent initially anticipated, due to COVID-19, at the outset of the fiscal year. Significant resources provided by the federal government allowed the School District to further mitigate any revenue losses resulting from COVID-19. Furthermore, expenditure requirements were reduced in certain functions due to the COVID-19 pandemic, as the School District initially anticipated a reduction in income and budgeted appropriately. The functions experiencing significant expenditures less than the final budget were instruction, maintenance and operation, and transportation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Government-Wide Statements

Since Hall County School District has no operations that have been classified as "business-type activities", the government-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Position' and the 'Statement of Activities' provide the basis for answering this question. These financial statements include all of the School District's assets and liabilities and uses the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

In the case of the Hall County School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by about $1.2 million at June 30, 2021. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the ($1.2) million deficit in net position, about $81.8 million was restricted for bus replacement, continuation of various state and federal programs, debt service obligations, and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had $299.3 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is not available for future spending.

Because of the restrictions on net position as discussed above, the School District had an unrestricted deficit of $382.3 million at June 30, 2021. The reader should remember this deficit includes pension related charges recorded because of the implementation (fiscal year 2015) of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date on Amendment to GASB Statement No. 68;* and also includes charges recorded because of the implementation (fiscal year 2018) of GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The School District believes it is also meaningful to view the School District's net position in the following manner:

Net position associated with pension obligations	$	(205,220,290)
Net position associated with postemployment benefits other than pension obligations		(231,651,885)
Net position exclusive of pension obligations and other postemployment benefits		435,676,791
Net Position, June 30, 2021	$	(1,195,384)

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

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

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Assets		
Current and Other Assets	$ 293,158,804	$ 134,192,184
Capital Assets, Net	364,279,711	333,077,412
Total Assets	657,438,515	467,269,596
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	80,412,140	73,793,101
Related to OPEB Plan	45,376,309	13,963,064
Total Deferred Outflows of Resources	125,788,449	87,756,165
Total Assets and Deferred Outflows of Resources	783,226,964	555,025,761
Liabilities		
Current and Other Liabilities	40,765,455	36,421,751
Long-Term Liabilities	180,996,269	33,603,219
Net Pension Liability	285,339,297	253,001,245
Net OPEB Liability	227,965,874	190,929,917
Total Liabilities	735,066,895	513,956,132
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	293,133	6,875,370
Related to OPEB Plan	49,062,320	52,423,541
Total Deferred Inflows of Resources	49,355,453	59,298,911
Total Liabilities and Deferred Inflows of Resources	784,422,348	573,255,043
Net Position		
Net Investment in Capital Assets	299,274,358	307,855,117
Restricted	81,823,224	51,193,221
Unrestricted (Deficit)	(382,292,966)	(377,277,620)
Total Net Position	$ (1,195,384)	$ (18,229,282)

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

Total unrestricted net position (deficit)	$	(382,292,966)
Unrestricted deficit in net position resulting from recognition of net pension obligations		205,220,290
Unrestricted deficit in net position resulting from recognition of post-employment benefits other than pension obligations		231,651,885
Unrestricted net position, exclusive of the net pension obligation and post-employment benefits effect	$	54,579,209

The above analysis reflects, except for pension obligations and postemployment benefits, the School District's unrestricted net position is a positive $435.7 million and accordingly, management believes the School District's financial position is sound.

Table 2 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year.

Table 2
Change in Net Position

	Governmental Activities Fiscal Year 2021	Governmental Activities Fiscal Year 2020
Revenues		
Program Revenues:		
Charges for Services	$ 1,905,495	$ 3,995,969
Operating Grants and Contributions	197,424,446	185,612,110
Capital Grants and Contributions	1,115,492	862,334
Total Program Revenues	200,445,433	190,470,413
General Revenues:		
Property Taxes	109,031,956	99,529,326
Sales Taxes	39,567,232	33,691,152
Grants and Contributions not Restricted to Specific Programs	5,563,117	7,763,636
Investment Earnings	198,120	1,006,924
Miscellaneous	5,157,671	7,764,463
Special Item		
Gain/Loss of Disposal of Capital Assets	(346,092)	25,551
Total General Revenues and Special Item	159,172,004	149,781,052
Total Revenues and Special Item	359,617,437	340,251,465
Program Expenses		
Instruction	221,798,119	208,472,663
Support Services		
Pupil Services	16,319,425	14,610,719
Improvement of Instructional Services	11,589,048	11,437,549
Educational Media Services	5,529,508	5,374,952
General Administration	649,004	760,166
School Administration	19,899,201	19,787,615
Business Administration	3,310,955	5,203,987
Maintenance and Operation of Plant	17,798,660	18,295,335
Student Transportation Services	18,172,035	14,667,790
Central Support	6,578,374	7,251,564
Other Support Services	957,437	2,315,155
Operations of Non-Instructional Services		
Enterprise Operations	1,127,726	2,152,536
Community Services	12	14,568
Food Services	15,493,357	15,211,606
Interest on Long-Term Debt	3,360,678	726,366
Total Expenses	342,583,539	326,282,571
Increase in Net Position	$ 17,033,898	$ 13,968,894

Cost of Providing Services

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

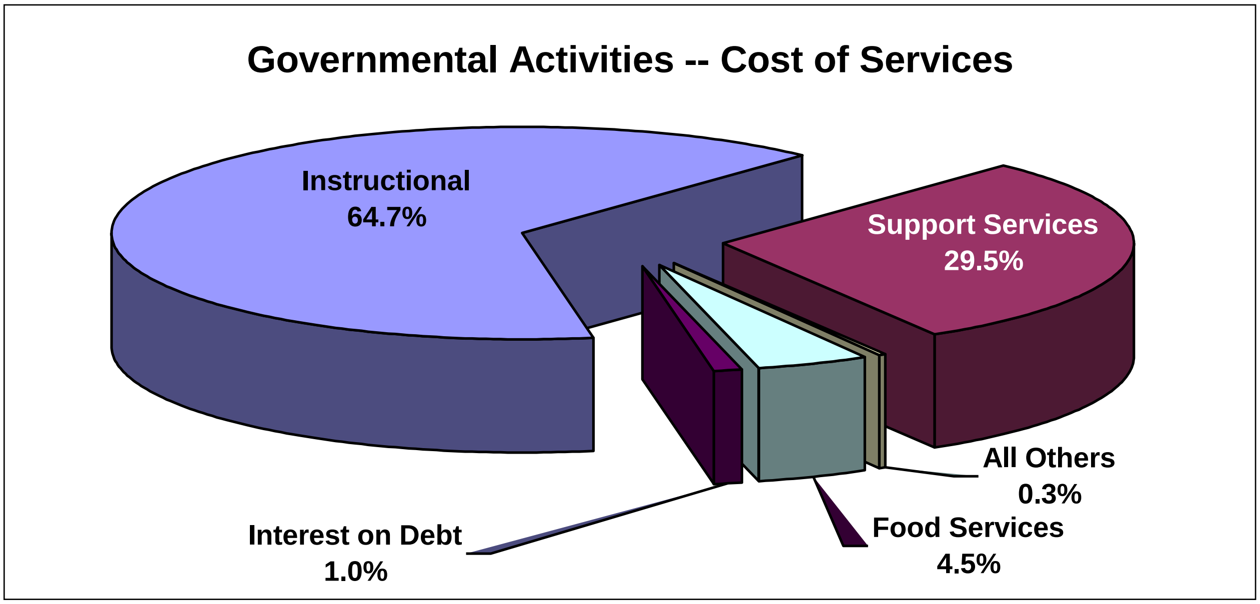
Table 3

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
Instruction	$ 221,798,119	$ 208,472,663	$ 88,006,714	$ 71,631,162
Support Services				
Pupil Services	16,319,425	14,610,719	12,565,991	12,140,323
Improvement of Instructional Services	11,589,048	11,437,549	6,584,403	6,642,029
Educational Media Services	5,529,508	5,374,952	935,700	1,560,617
General Administration	649,004	760,166	(3,646,835)	(4,557,937)
School Administration	19,899,201	19,787,615	11,725,378	11,982,245
Business Administration	3,310,955	5,203,987	3,000,817	5,167,916
Maintenance and Operation of Plant	17,798,660	18,295,335	1,316,750	8,648,199
Student Transportation Services	18,172,035	14,667,790	10,278,790	12,077,832
Central Support Services	6,578,374	7,251,564	6,475,388	7,118,649
Other Support Services	957,437	2,315,155	463,362	1,778,575
Operations of Non-Instructional Services				
Enterprise Operations	1,127,726	2,152,536	676,331	1,487,413
Community Services	12	14,568	12	14,564
Food Services	15,493,357	15,211,606	542,139	(459,233)
Interest on Long-Term Debt	3,360,678	726,366	3,213,166	579,804
Total Expenses	$ 342,583,539	$ 326,282,571	$ 142,138,106	$ 135,812,158

The table above shows the costs of services increased by over $16.3 million from the prior year while the net costs of providing those services only increased by $6.3 million. The reason for the disparity in the two amounts is because the School District's revenues decreased at a lower rate than anticipated because COVID-19 had a more limited effect on School District operations than initially anticipated during the fiscal year 2021.

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



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $360.7 million and total expenditures of $361.7 million in fiscal year 2021. Total governmental fund balances of over $251.1 million at June 30, 2021, increased by $156.7 million from the prior year, primarily because the School District sold bonds in the amount of $126.1 million plus a premium on bonds sold of $31.5 million.

General Fund Budget Highlights

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

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

For the general fund, the final actual revenues of almost $325.0 million were less than the final budget by about $5.2 million. This variance resulted primarily from federal revenues being less than the final budget by $12.9 million. The federal revenues were less than the final budget due to the fact the School District deferred expenditures of the ESSER II grant until fiscal year 2022, even though the grant was approved and budgeted for fiscal year 2021.

The general fund's final actual expenditures of $297.0 million were less than the final budget by about $39.5 million. As previously discussed, this situation occurred, due to the School District's actual expenditures being substantially less than the amount budgeted. Expenditure requirements were reduced in certain functions due to the COVID-19 pandemic, as the School District initially anticipated a reduction in income and budgeted appropriately. The functions experiencing significant expenditures less than the final budget were instruction, by $11.5 million; maintenance and operation, by $8.1 million; and transportation, by $11.7 million.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At fiscal year ended June 30, 2021, the School District had almost $364.3 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including works of art; intangible assets; buildings; land; land improvements; and instructional, food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation and amortization, as compared to the prior fiscal year.

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

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Land	$ 32,061,814	$ 31,132,327
Works of Art	219,670	219,670
Construction in Progress	30,415,001	4,588,116
Buildings and Improvements	268,713,262	269,728,653
Equipment	17,359,620	14,706,161
Land Improvements	15,468,739	12,577,671
Intangible Assets	41,605	124,814
Total	$ 364,279,711	$ 333,077,412

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

Long-Term Liabilities

At June 30, 2021, the School District had almost $181.0 million in total long-term liabilities which consisted of $149.5 million in various forms of bond debt, almost $30.7 million in unamortized bond premiums and $0.8 million in compensated absences. Table 5 summarizes the School District's long-term liabilities as compared to the prior fiscal year.

Table 5
Changes in Long-Term Liabilities

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
General Obligation Bonds Payable	$ 143,905,000	$ 26,235,000
QZAB Bonds Payable	2,615,000	2,615,000
QSCB Bonds Payable (Intergovernmental Agreement)	3,000,000	3,000,000
Unamortized Bond Premiums	30,655,993	934,845
Compensated Absences	820,276	818,374
Total	$ 180,996,269	$ 33,603,219

At June 30, 2021, the School District's assigned bond rating was "Aa2" as determined by Moody's rating service.

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

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- In 2001, Hall County voters authorized the creation of the Total School Tax Exemption for senior citizens, which exempted a property owner over the age of 75 from paying property taxes to the School District. The passage of subsequent resolutions reduced the age requirement to qualify for the exemption to 70 years of age. The passage of the resolution, in conjunction with other factors, has resulted in the significant growth of senior citizens as a greater proportion of Hall County's total population. As the proportion of senior citizens to the number of total citizens within the County grows, and as the population in Hall County follows expected national trends for aging in the coming years, the School District expects that the higher proportion of senior citizens within Hall County will reduce the School District's ability to harvest property tax revenue for each mill that it levies.

- As part of its long-term facilities plan, the School District has strategically identified several major capital outlay needs to accommodate anticipated student population growth in certain portions of the School District, to replace and consolidate its oldest facilities, and to renovate several existing facilities to provide a modern, quality education for its students. The School District is funding these capital outlay projects with proceeds from the one percent Education Special Purpose Local Option Sales Tax, state capital outlay grants, and the proceeds generated from the issuance of up to $258.0 million in general obligation bonds. The issuance of up to $258.0 million in general obligation debt was approved by the voters of Hall County in a referendum on June 9, 2020. Upon approval by the general public, the School District issued general obligation bonds, labeled "Series 2020,"in August 2020, consisting of principal totaling $126.1 million, premiums totaling $31.5 million, with total proceeds from the sale of bonds being $157.6 million. The School District is authorized by the referendum to issue up to $131.865 million of additional principal.

Since the issuance of the Series 2020 bonds, the price of construction materials has undergone significant inflation. The adverse impact of inflation has resulted in significant increases to the estimated costs of the construction projects, and significant shortages of the necessary materials for construction, as proposed as part of the School District's long-term facilities plan. Presently, the School District is unable to predict (i) the extent or availability of certain construction materials, and (ii) the amount, duration, and extent of future price increases in construction materials, which could have an adverse impact on its ability to meet the goals of its long-term facilities plan. As a result, the Hall County Board of Education, at its November 2021 regular board meeting, elected to suspend all new construction projects until such time that it determines that construction prices have stabilized.

The School District will continually evaluate economic conditions and their potential impact on its capital outlay plans in the coming months and years, and, if necessary, will reduce the scope of its construction plans or will implement cost cutting or taxation measures to maintain its financial health and stability while also balancing for the needs of the boys and girls of Hall County.

- The economy has grown from the prior year, but at a slower, and sometimes unpredictable, pace. Initial predictions for economic performance at the beginning of fiscal year 2021 indicated significant cost cutting measures by the State of Georgia to the School District's quality basic education (QBE) formula earnings of 12.25%, or $20.2 million. However, in January of 2021, the State announced that it would restore a significant portion of the funding that was initially cut from the School District's state QBE formula earnings, resulting in a reduction to the School District's state revenues of only $10.1 million in the general fund, when compared to fiscal year 2020.

  As state budgets declined across the United States during fiscal year 2021, the federal government, authorized funds to aid school districts and local governments through the Elementary and Secondary School Emergency Relief (ESSER) fund. Hall County Schools was awarded a total of $77.0 million. The School District anticipates that it will use these funds to mitigate state funding shortfalls, provide for clean and sanitary schools and facilities, and recuperate student learning losses resulting from the outbreak of the novel coronavirus, or COVID-19, in fiscal years 2021, 2022, and 2023.

  The School District also initially anticipated a decline of sales tax revenues of 20%. However, the predicted adverse impact to the School District's revenue sources was not as adverse as predicted. SPLOST revenues increased over the prior year by 22%. Property values have remained stable and have steadily increased, providing an increase in property tax revenues of $8.6 million over fiscal year 2020.

The School District anticipates increased uncertainty going forward in regard to economic conditions. However, the School District will continue to take measures, as appropriate, to be a good steward of tax dollars and maintain its financial position, while providing a quality education opportunity for the boys and girls of Hall County.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Jonathan Boykin, Finance Officer, Hall County Board of Education, 711 Green Street, Gainesville, Georgia 30501. You may also email your questions to Mr. Jonathan Boykin at jonathan.boykin@hallco.org.

Hall County Board of Education

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

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Cash Equivalents	$	248,654,232.91
Investments		51,959.66
Accounts Receivable, Net		
Taxes		8,827,158.36
State Government		21,832,518.36
Federal Government		8,567,297.08
Local		141,605.99
Inventories		191,917.99
Prepaid Items		2,632,277.08
Restricted Assets		
Investments with Fiscal Agent or Trustee		2,259,836.34
Capital Assets, Non-Depreciable		62,696,485.09
Capital Assets, Depreciable (Net of Accumulated Depreciation)		301,583,225.70
Total Assets		657,438,514.56
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plan		80,412,140.00
Related to OPEB Plan		45,376,309.00
Total Deferred Outflows of Resources		125,788,449.00
LIABILITIES		
Accounts Payable		1,525,520.79
Salaries and Benefits Payable		34,858,373.58
Interest Payable		2,203,080.67
Claims Incurred but not Reported (IBNR)		49,802.09
Retainages Payable		2,128,677.94
Net Pension Liability		285,339,297.00
Net OPEB Liability		227,965,874.00
Long-Term Liabilities		
Due Within One Year		10,770,005.48
Due in More Than One Year		170,226,263.24
Total Liabilities		735,066,894.79
DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plan		293,133.00
Related to OPEB Plan		49,062,320.00
Total Deferred Inflows of Resources		49,355,453.00
NET POSITION		
Net Investment in Capital Assets		299,274,358.10
Restricted for		
Bus Replacement		540,540.00
Continuation of Federal Programs		5,781,230.52
Continuation of State Programs		75,380.49
Debt Service		9,352,811.33
Capital Projects		66,073,261.51
Unrestricted (Deficit)		(382,292,966.18)
Total Net Position	$	(1,195,384.23)

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

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

EXHIBIT "B"

		PROGRAM REVENUES			NET (EXPENSES)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 221,798,118.81	$ 721,795.14	$ 132,979,265.21	$ 90,344.41	$ (88,006,714.05)
Support Services					
Pupil Services	16,319,424.88	-	3,753,433.92	-	(12,565,990.96)
Improvement of Instructional Services	11,589,048.06	-	5,004,645.22	-	(6,584,402.84)
Educational Media Services	5,529,508.13	-	4,593,807.92	-	(935,700.21)
General Administration	649,004.36	-	4,295,839.88	-	3,646,835.52
School Administration	19,899,201.26	-	8,173,823.08	-	(11,725,378.18)
Business Administration	3,310,954.89	265,203.80	44,934.63	-	(3,000,816.46)
Maintenance and Operation of Plant	17,798,659.89	36,251.92	16,441,579.27	4,078.77	(1,316,749.93)
Student Transportation Services	18,172,035.11	-	7,019,687.86	873,556.82	(10,278,790.43)
Central Support Services	6,578,373.39	-	102,985.02	-	(6,475,388.37)
Other Support Services	957,437.12	-	494,074.99	-	(463,362.13)
Operations of Non-Instructional Services					
Enterprise Operations	1,127,725.86	449,878.61	1,516.55	-	(676,330.70)
Community Services	11.92	-	0.06	-	(11.86)
Food Services	15,493,357.31	432,365.65	14,518,852.26	-	(542,139.40)
Interest on Long-Term Debt	3,360,677.80	-	-	147,511.60	(3,213,166.20)
Total Governmental Activities	$ 342,583,538.79	$ 1,905,495.12	$ 197,424,445.87	$ 1,115,491.60	(142,138,106.20)

General Revenues	
Taxes	
Property Taxes	
For Maintenance and Operations	109,031,956.12
Sales Taxes	
Special Purpose Local Option Sales Tax	
For Capital Projects	34,039,442.20
Other Sales Tax	5,527,789.48
Grants and Contributions not Restricted to Specific Programs	5,563,117.00
Investment Earnings	198,120.13
Miscellaneous	5,157,670.68
Special Item	
Loss on Disposals of Capital Assets	(346,091.52)
Total General Revenues and Special Item	159,172,004.09
Change in Net Position	17,033,897.89
Net Position - Beginning of Year	(18,229,282.12)
Net Position - End of Year	$ (1,195,384.23)

EXHIBIT "C"

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

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 79,827,691.03	$ 167,045,224.85	$ 1,781,317.03	$ 248,654,232.91
Investments	51,959.66	-	-	51,959.66
Accounts Receivable, Net				
Taxes	5,611,737.69	3,215,420.67	-	8,827,158.36
State Government	21,832,518.36	-	-	21,832,518.36
Federal Government	8,567,297.08	-	-	8,567,297.08
Local	141,605.99	-	-	141,605.99
Inventories	191,917.99	-	-	191,917.99
Prepaid Items	108,931.08	-	2,523,346.00	2,632,277.08
Restricted				
Investments with a Fiscal Agent or Trustee	-	-	2,259,836.34	2,259,836.34
Total Assets	$ 116,333,658.88	$ 170,260,645.52	$ 6,564,499.37	$ 293,158,803.77
LIABILITIES				
Accounts Payable	$ 339,486.38	$ 1,186,034.41	$ -	$ 1,525,520.79
Salaries and Benefits Payable	34,858,373.58	-	-	34,858,373.58
Retainages Payable	-	2,128,677.94	-	2,128,677.94
Total Liabilities	35,197,859.96	3,314,712.35	-	38,512,572.31
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	3,515,755.28	-	-	3,515,755.28
FUND BALANCES				
Nonspendable	300,849.07	-	2,523,346.00	2,824,195.07
Restricted	6,205,233.02	166,945,933.17	4,041,153.37	177,192,319.56
Assigned	3,286,786.15	-	-	3,286,786.15
Unassigned	67,827,175.40	-	-	67,827,175.40
Total Fund Balances	77,620,043.64	166,945,933.17	6,564,499.37	251,130,476.18
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 116,333,658.88	$ 170,260,645.52	$ 6,564,499.37	$ 293,158,803.77

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

HALL COUNTY BOARD OF EDUCATION

EXHIBIT "D"

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE STATEMENT OF NET POSITION

JUNE 30, 2021

Total fund balances - governmental funds (Exhibit "C")			$	251,130,476.18
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
Land	$	32,061,813.84		
Works of art		219,670.00		
Construction in progress		30,415,001.25		
Buildings and improvements		386,498,045.53		
Equipment		41,153,185.59		
Land improvements		36,324,299.78		
Intangible assets		453,524.56		
Accumulated depreciation		(162,845,829.76)		364,279,710.79
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Net pension liability	$	(285,339,297.00)		
Net OPEB liability		(227,965,874.00)		(513,305,171.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.				
Related to pensions	$	80,119,007.00		
Related to OPEB		(3,686,011.00)		76,432,996.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.				3,515,755.28
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.				
Bonds payable	$	(149,520,000.00)		
Accrued interest payable		(2,203,080.67)		
Compensated absences payable		(820,275.83)		
Unamortized bond premiums		(30,655,992.89)		
Claims and judgments payable		(49,802.09)		(183,249,151.48)
Net position of governmental activities (Exhibit "A")			$	(1,195,384.23)

HALL COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 107,874,420.59	$ -	$ -	$ 107,874,420.59
Sales Taxes	5,527,789.48	35,484,172.44	-	41,011,961.92
State Funds	156,906,949.73	-	-	156,906,949.73
Federal Funds	47,469,271.85	-	-	47,469,271.85
Charges for Services	1,905,495.12	-	-	1,905,495.12
Investment Earnings	59,719.60	80,566.87	57,833.66	198,120.13
Miscellaneous	5,223,515.94	8,112.34	73,554.00	5,305,182.28
Total Revenues	324,967,162.31	35,572,851.65	131,387.66	360,671,401.62
EXPENDITURES				
Current				
Instruction	189,299,378.33	7,325,334.94	-	196,624,713.27
Support Services				
Pupil Services	15,393,653.11	-	-	15,393,653.11
Improvement of Instructional Services	10,800,254.06	-	-	10,800,254.06
Educational Media Services	5,107,170.13	-	-	5,107,170.13
General Administration	553,508.34	-	-	553,508.34
School Administration	17,871,848.16	-	-	17,871,848.16
Business Administration	3,120,514.09	409,747.52	-	3,530,261.61
Maintenance and Operation of Plant	17,364,606.97	147,229.81	-	17,511,836.78
Student Transportation Services	13,847,690.25	3,233,423.00	-	17,081,113.25
Central Support Services	5,978,270.63	-	-	5,978,270.63
Other Support Services	957,437.12	-	-	957,437.12
Enterprise Operations	1,396,941.86	-	-	1,396,941.86
Community Services	4,400.92	-	-	4,400.92
Food Services Operation	14,468,661.04	-	-	14,468,661.04
Capital Outlay	845,800.20	41,984,724.29	-	42,830,524.49
Debt Services				
Principal	-	-	8,465,000.00	8,465,000.00
Dues and Fees	-	-	3,986.25	3,986.25
Interest	-	-	3,086,650.65	3,086,650.65
Total Expenditures	297,010,135.21	53,100,459.56	11,555,636.90	361,666,231.67
Revenues over (under) Expenditures	27,957,027.10	(17,527,607.91)	(11,424,249.24)	(994,830.05)
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds	-	126,135,000.00	-	126,135,000.00
Premiums on Bonds Sold	-	31,508,983.75	-	31,508,983.75
Sale of Capital Assets	5,500.00	-	-	5,500.00
Transfers In	562.13	183,449.96	14,238,973.66	14,422,985.75
Transfers Out	(192,341.96)	(14,230,081.66)	(562.13)	(14,422,985.75)
Total Other Financing Sources (Uses)	(186,279.83)	143,597,352.05	14,238,411.53	157,649,483.75
Net Change in Fund Balances	27,770,747.27	126,069,744.14	2,814,162.29	156,654,653.70
Fund Balances - Beginning	49,849,296.37	40,876,189.03	3,750,337.08	94,475,822.48
Fund Balances - Ending	$ 77,620,043.64	$ 166,945,933.17	$ 6,564,499.37	$ 251,130,476.18

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

HALL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")			$	156,654,653.70
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.				
Capital outlay	$	42,888,142.96		
Depreciation expense - buildings		(8,029,156.03)		
Depreciation expense - equipment		(1,968,767.88)		
Depreciation expense - land improvements		(1,253,119.47)		
Amortization expense - intangible assets		(83,209.44)		31,553,890.14
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.				(351,591.52)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.				
Unavailable Property Taxes				
June 30, 2020	$	(2,358,219.75)		
June 30, 2021		3,515,755.28		1,157,535.53
Unavailable Sales Taxes				
June 30, 2020				(1,444,730.24)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.				
General obligation bonds issued, including a premium of $31,508,983.75	$	(157,643,983.75)		
Bond principal retirements		8,465,000.00		
Amortization of bond premium		1,787,835.77		(147,391,147.98)
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.				
Pension expense	$	(19,136,776.00)		
OPEB expense		(2,261,491.00)		(21,398,267.00)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Accrued interest on issuance of bonds	$	145,204.00		
June 30, 2020		(2,203,080.67)		(2,057,876.67)
June 30, 2021				
Compensated absences	$	818,374.53		
June 30, 2020		(820,275.83)		(1,901.30)
June 30, 2021				
Claims and judgments				
June 30, 2020	$	363,135.32		
June 30, 2021		(49,802.09)		313,333.23
Change in net position of governmental activities (Exhibit "B")			$	17,033,897.89

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

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

Receivables

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

Inventories

Food Inventories

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

Prepaid Items

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

Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of net position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. At June 30, 2021 the School District had restricted assets of $2,259,836.34 held for retirement of QZAB Bonds to be retired in fiscal year 2023.

Capital Assets

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

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

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

Amortization of intangible assets such as water, timber and mineral rights, easements, patents, trademarks, copyrights, and internally generated software is computed using the straight-line method over the estimated useful lives of the assets.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Works of Art	All	N/A
Land Improvements	$ 5,000.00	10 to 60 years
Buildings and Improvements	$ 100,000.00	10 to 60 years
Equipment	$ 5,000.00	5 to 50 years
Intangible Assets	$ 100,000.00	Individually Determined

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

Vacation leave of 15 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 15 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements.

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

Use of Estimates

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

Property Taxes

The Hall County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on July 28, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on November 15, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Hall County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations amounted to $107,874,420.59.

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

School Operations	17.55	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, which are included in the property tax revenue shown above, amounted to $11,238,368.89 during fiscal year ended June 30, 2021.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $35,484,172.44 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The most recent authorization expires September 30, 2027.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America. The budget for the general fund was not prepared in accordance with accounting principles generally accepted in the United States of America.

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

Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Collateralization of Deposits

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

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

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

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

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

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

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the School District had deposits with a carrying amount of $44,684,565.57, and a bank balance of $55,785,778.95. The bank balances insured by Federal depository insurance were $1,464,063.92 and the remaining balances of $54,321,715.03 were in the State’s Secure Deposit program (SDP).

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

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

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

Cash and cash equivalents	
Statement of Net Position	$ 248,654,232.91
Add:	
Deposits with original maturity of three months or more reported as	51,959.66
Less:	
Cash on hand	74.00
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	204,021,553.00
Total carrying value of deposits - June 30, 2021	$ 44,684,565.57

Categorization of Cash Equivalents

The School District reported cash equivalents of $204,021,553.00 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2021 was 36 days.

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

Categorization of Investments

At June 30, 2021, the School District had the following investments, not including certificates of deposit of $51,959.66, which are included as deposits as discussed above:

Investment Type	Fair Value	Investment Maturity Less Than 1 Year
Debt Securities		
U. S. Treasuries	$ 2,257,894.87	$ 2,257,894.87
Fidelity Institutional Treasury Fund	1,941.47	1,941.47
Total Investments	$ 2,259,836.34	2,259,836.34

Fair Value of Investments

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

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

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

U.S. Treasuries of $2,257,894.87 and Money Market Funds of $1,941.47 are valued using quoted market prices. (Level 1 inputs)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

At June 30, 2021, $2,257,894.87 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A.§36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

The investments subject to credit quality risk are reflected below:

		Quality Ratings
Rated Debt Investments	Fair Value	Aaamf
Debt Securities		
Fidelity Institutional Treasury Fund	$ 1,941.47	$ 1,941.47

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in U.S. Treasuries. These investments are 97.7% of the School District's total investments.

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the investment balance, totaling $2,259,836.34, for the QZAB Bond Sinking Fund.

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2020	Increases	Decreases	Transfers	Balances June 30, 2021
Governmental Activities					
Capital Assets,					
Not Being Depreciated:					
Land	$ 31,132,327.43	$ -	$ -	$ 929,486.41	$ 32,061,813.84
Works of Art	219,670.00	-	-	-	219,670.00
Construction in Progress	4,588,116.33	33,752,445.10	-	(7,925,560.18)	30,415,001.25
Total Capital Assets Not Being Depreciated	35,940,113.76	33,752,445.10	-	(6,996,073.77)	62,696,485.09
Capital Assets,					
Being Depreciated/Amortized:					
Buildings and Improvements	380,278,924.39	2,078,307.68	1,092,000.00	5,232,813.46	386,498,045.53
Equipment	36,884,479.41	4,676,462.18	407,756.00	-	41,153,185.59
Land Improvements	32,180,111.47	2,380,928.00	-	1,763,260.31	36,324,299.78
Intangible Assets	453,524.56	-	-	-	453,524.56
Less Accumulated					
Depreciation/Amortization for:					
Buildings and Improvements	110,550,271.15	8,029,156.03	794,643.29	-	117,784,783.89
Equipment	22,178,318.88	1,968,767.88	353,521.19	-	23,793,565.57
Land Improvements	19,602,440.99	1,253,119.47	-	-	20,855,560.46
Intangible Assets	328,710.40	83,209.44	-	-	411,919.84
Total Capital Assets, Being Depreciated/Amortized, Net	297,137,298.41	(2,198,554.96)	351,591.52	6,996,073.77	301,583,225.70
Governmental Activities Capital Assets - Net	$ 333,077,412.17	$ 31,553,890.14	$ 351,591.52	$ -	$ 364,279,710.79

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

Instruction		$ 8,860,326.42
Support Services		
Pupil Services	$ 9,849.77	
School Administration	366,780.29	
Business Administration	34,366.44	
Maintenance and Operation of Plant	162,793.84	
Student Transportation Services	1,002,224.62	
Central Support Services	280,925.53	1,856,940.49
Food Services		616,985.91
		$ 11,334,252.82

NOTE 7: INTERFUND TRANSFERS

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

Transfers to	Transfers From General Fund	Transfers From Capital Projects Fund	Transfers From Debt Service Fund	Total
General Fund	$ -	$ -	$ 562.13	$ 562.13
Capital Projects Fund	183,449.96	-	-	183,449.96
Debt Service Fund	8,892.00	14,230,081.66	-	14,238,973.66
Total	$ 192,341.96	$ 14,230,081.66	$ 562.13	14,422,985.75

During fiscal year 2021 transfers were made for the following purposes:

1) A transfer of $183,449.96 was made from the general fund to the capital projects fund for the purpose of providing supplemental funding for certain School District capital outlay projects.
2) A transfer of $8,892.00 was made from the general fund to the debt service fund to prepay interest in advance of the due date.
3) A transfer of $14,230,081.66 was made from the capital projects fund to the debt service fund to move sales tax proceeds of $7,009,234.99 to provide supplemental funds to pay general obligation debt and $7,220,846.67 of general obligation bond proceeds for capitalized interest.
4) A transfer of $562.13 was made from the debt service fund to the general fund to close out an old debt service fund bank account no longer required to be maintained by the bond covenants.

NOTE 8: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
General Obligation (G.O.) Bonds	$ 26,235,000.00	$ 126,135,000.00	$ 8,465,000.00	$ 143,905,000.00	$ 8,725,000.00
Unamortized Bond Premiums	934,844.91	31,508,983.75	1,787,835.77	30,655,992.89	1,986,005.48
Qualified Zone Academy Bonds	2,615,000.00	-	-	2,615,000.00	-
Qualified School Construction Bonds	3,000,000.00	-	-	3,000,000.00	-
Compensated Absences	818,374.53	958,328.45	956,427.15	820,275.83	59,000.00
	$ 33,603,219.44	$ 158,602,312.20	$ 11,209,262.92	$ 180,996,268.72	$ 10,770,005.48

General Obligation Debt Outstanding

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

The School District's outstanding bonds related to governmental activities of $135,865,000.00 and outstanding bonds from direct placement of $8,040,000.00 contain a provision that in the event of a nonpayment, the State Board is authorized to withhold from any state appropriation to which the School District may be entitled and apply so much thereof as shall be necessary to the payment of the principal and interest on such indebtedness then due.

Of the total amount of bonds authorized by the SPLOST V resolution $2,375,000.00 remains unissued at June 30, 2021. The School District has no plans to issue these bonds in the future.

During the current year, the School District issued general obligation bonds totaling $126,135.000.00 to renovate and construct new schools throughout the School District.

The issuance of the $126,135,000.00 in Series 2020 bonds during fiscal year 2021 was just a portion of the total amount of bonds authorized by the voters. The School District is authorized to issue another $131,865,000.00 of bonds under authority of the referendum passed by the voters June 9, 2020. The School District is contemplating the proper timing to issue these bonds.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2016	1.70%	12/31/2016	11/1/2022	$ 9,750,000.00	$ 4,020,000.00
General Government - Series 2017	1.72%	1/6/2017	11/1/2022	9,750,000.00	4,020,000.00
General Government - Series 2018	2.00% - 5.00%	2/28/2018	11/1/2022	23,125,000.00	9,730,000.00
General Government - Series 2020	1.00% - 5.00%	8/25/2020	2/1/2040	126,135,000.00	126,135,000.00
				$ 168,760,000.00	$ 143,905,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt Principal	General Obligation Debt Interest	Unamortized Bond Premium
2022	$ 8,725,000.00	$ 5,509,130.00	$ 1,986,005.48
2023	11,045,000.00	5,197,138.00	1,718,906.96
2024	4,400,000.00	4,937,800.00	1,585,357.67
2025	4,620,000.00	4,717,800.00	1,585,357.67
2026	4,855,000.00	4,486,800.00	1,585,357.67
2027 - 2031	28,845,000.00	19,520,950.00	7,926,788.36
2032 - 2036	39,610,000.00	13,315,400.00	7,926,788.36
2037 - 2040	41,805,000.00	4,306,200.00	6,341,430.72
Total Principal and Interest	$ 143,905,000.00	$ 61,991,218.00	$ 30,655,992.89

Qualified Zone Academy Bonds (QZAB)

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the establishment of special academic programs, in partnership with the business community. The School District, in agreement with Gainesville and Hall County Development Authority have entered into such an arrangement.

This agreement establishes a method of repayment for qualified interest-free debt instrument. The agreement requires the School District to deposit funds annually into a sinking fund account on or before November 30, 2022. The amount on deposit at June 30, 2020 was $2,259,836.34.

In the event the amount of funds lawfully available is not sufficient to pay the QZAB payments when due in any year, the School District shall levy an ad valorem tax on all taxable property located within the boundaries of the School District subject to taxation for such purposes at such a rate or rates (subject to the 20 mills limitation) as may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the School District's obligations.

Debt currently outstanding under Qualified Zone Academy Bonds is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QZAB Series 2007	0.00%	11/30/07	11/30/22	$ 2,615,000.00	$ 2,615,000.00

The following schedule reports the annual Qualified Zone Academy Bond payments:

Fiscal Year Ended June 30:	Principal
2023	$ 2,615,000.00

Qualified School Construction Bonds (QSCB)

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the construction, rehabilitation or repair of a public-school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows School Districts to borrow without incurring interest costs.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2021 was $147,511.60, which funded all but $8,488.40 of interest expense due on the QSCB.

In the event the amount of funds lawfully available is not sufficient to pay the QSCB payments when due in any year, the School District shall levy an ad valorem tax on all taxable property located within boundaries of the School District subject to taxation of such purposes, at such a rate or rates (subject to the 20 mills limitation) as may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the School District's obligations.

Debt currently outstanding under Qualified School Construction Bonds is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB (Intergovernmental Conduit Debt)	5.20%	10/25/10	02/01/28	$ 3,000,000.00	$ 3,000,000.00

The following is a schedule of total Qualified School Construction Bond payments:

Fiscal Year Ended June 30:	Principal	Interest
2022	$ -	$ 156,000.00
2023	-	156,000.00
2024	-	156,000.00
2025	-	156,000.00
2026	-	156,000.00
2027 - 2028	3,000,000.00	312,000.00
Total Principal and Interest	$ 3,000,000.00	$ 1,092,000.00

Compensated Absences

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

NOTE 9: RISK MANAGEMENT

Insurance

Commercial Insurance

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

The School District has elected to self-insure for losses related to workers compensation and unemployment compensation.

Georgia School Boards Association Risk Management Fund

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

Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and the related liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $500,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	$ 61,975.40	$ 2,746,246.87	$ 2,445,086.95	$ 363,135.32
2021	$ 363,135.32	$ 374,966.64	$ 688,299.87	49,802.09

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and the related liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	$ -	$ 904.00	$ 904.00	$ -
2021	$ -	$ 266,635.41	$ 266,635.41	$ -

Surety Bond

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

Position Covered	Amount
Superintendent	$ 25,000.00

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories	$ 191,917.99	
Prepaid Assets	2,632,277.08	$ 2,824,195.07
Restricted		
Bus Replacement	$ 540,540.00	
Continuation of Federal Programs	5,589,312.53	
Continuation of State Programs	75,380.49	
Capital Projects	161,954,540.54	
Debt Service	9,032,546.00	177,192,319.56
Assigned		
School Activity Accounts		3,286,786.15
Unassigned		67,827,175.40
Fund Balance, June 30, 2021		$ 251,130,476.18

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

NOTE 11: SIGNIFICANT COMMITMENTS

Commitments under Construction contracts

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

Project	Unearned Executed Contracts (1)	Expenditures through 6/30/2021 (2)	Funding Available From State (1)
Cherokee Bluff High School	$ 725,655.90	$ 725,655.89	$ -
Cherokee Bluff Middle School	19,333,954.83	22,093,158.62	3,277,650.00
Cherokee High School	2,497,672.98	1,188,717.29	-
Chestatee Middle School	186,572.72	11,299.28	-
East Hall High School	2,928,785.29	1,742,902.72	-
East Hall Middle School	1,824,279.64	161,530.60	-
Flowery Branch High School	178,467.00	10,294.40	-
Johnson High School	9,127,631.30	1,191,009.07	-
Lula Elementary School	2,710,366.84	499,758.16	-
Martin Elementary School	145,588.25	137,403.92	-
Mt Vernon Elementary School	140,897.84	116,934.29	-
New Elementary School	435,530.91	691,469.09	-
North Hall High School	909,882.06	464,874.71	-
Spout Springs Elementary School	1,045,286.85	185,346.93	-
Sugar Hill Elementary School	123,347.11	175,006.04	-
Wauka Mountain Elementary School	354,420.20	152,734.80	-
West Hall High School	1,621,089.64	820,994.80	-
West Hall Middle School	718,124.00	45,910.64	-
	$ 45,007,553.36	$ 30,415,001.25	$ 3,277,650.00

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include retainage payable at year end.

Operating Leases

The School District leases various equipment under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled $321,902.16 for governmental activities for the year ended June 30, 2021.

The following future minimum lease payments were required under operating leases at June 30, 2021:

Year Ending		Governmental Activities
2022	$	27,238.07
2023		479.88
2024		479.88
2025		119.97
Total	$	28,317.80

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement

Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $5,718,155.00 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2021, the School District reported a liability of $227,965,874.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the School District's proportion was 1.552090%, which was a decrease of 0.003709% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of $7,979,646.00. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 24,886,796.00
Changes of assumptions	37,700,493.00	20,284,060.00
Net difference between projected and actual earnings on OPEB plan investments	594,166.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,363,495.00	3,891,464.00
School District contributions subsequent to the measurement date	5,718,155.00	-
Total	$ 45,376,309.00	$ 49,062,320.00

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

Year Ended June 30:	OPEB
2022	$ (5,606,627.00)
2023	$ (5,622,573.00)
2024	$ (3,819,775.00)
2025	$ 589,091.00
2026	$ 3,711,878.00
2027	$ 1,343,840.00

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

OPEB:

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

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

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirements. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.

- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future morality improvement in the tables used by the plan.

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed Income	30.00%	0.50%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate, 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 Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118.

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

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
School District's proportionate share of the Net OPEB liability	$ 267,822,293.00	$ 227,965,874.00	$ 196,091,872.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	$ 189,804,505.00	$ 227,965,874.00	$ 277,373,763.00

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

NOTE 14: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School District payroll, of which 19.02% of payroll was required from the School District and .04% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $29,273,496.00 and $58,500.70 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution by the State of Georgia was $452,839.00.

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

At June 30, 2021, the School District reported a liability of $285,339,297.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	$	285,339,297.00
State of Georgia's proportionate share of the net pension liability associated with the School District		594,939.00
Total	$	285,934,236.00

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

At June 30, 2020, the School District's TRS proportion was 1.177924%, which was an increase of 0.001322% from its proportion measured as of June 30, 2019.

At June 30, 2021, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $2,509,764.00.

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

For the year ended June 30, 2021, the School District recognized pension expense of $48,016,067.00 for TRS, and $505,050.00 for PSERS and revenue of $(414,189.00) for TRS and $505,050.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS Deferred Outflows of Resources	TRS Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,426,615.00	$ -
Changes of assumptions	29,390,276.00	-
Net difference between projected and actual earnings on pension plan investments	6,872,444.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,449,309.00	293,133.00
School District contributions subsequent to the measurement date	29,273,496.00	-
Total	$ 80,412,140.00	$ 293,133.00

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

Year Ended June 30:	TRS
2022	$ 10,822,079.00
2023	$ 16,796,970.00
2024	$ 16,630,306.00
2025	$ 6,596,156.00

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

Teachers Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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

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

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

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

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

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	$ 452,480,010.00	$ 285,339,297.00	$ 148,331,835.00

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

Defined Contribution Plan

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

The Board selected The Variable Annuity Life Insurance Company (Valic) as the provider of this plan. For each employee covered under PSERS, the Board contributes to the plan an amount equal to 5% percent of the employee's base pay.

The employee becomes vested in the plan immediately. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment.

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

Fiscal Year	Percentage Contributed	Required Contribution
2021	100%	$ 227,191.20
2020	100%	$ 243,454.05
2019	100%	$ 238,854.09

NOTE 15: TAX ABATEMENTS

The Gainesville and Hall County Development Authority (the "Authority") can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Each agreement provides a property tax benefit to the company through a schedule of discounted valuation that reduces, for ad valorem tax purposes, the fair market value of real and personal property that is held by the Authority and leased to the company. Georgia case law and the Authority's enabling legislation to provide the Authority with the power to enter into such agreements with private companies.

The Authority may accept title to real and personal property assets from a company in return for job creation and capital investment and provide a tax benefit to the company through a lease agreement with the Authority. In considering eligibility for providing this benefit to a company, the Authority reviews and gives strong consideration to the recommendation from the Investment Assistance Committee of the Gainesville-Hall County Economic Development Council. The Investment Assistance Committee is a 16-member advisory committee of representatives from the City of Gainesville School District, the Hall County School District, Hall County, the cities of Gainesville, Flowery Branch, Oakwood and Lula and the Authority. The Investment Assistance Committee has a set of eligibility criteria for considering economic development projects that includes the following criteria:

1. Eligible businesses can include new and existing industrial businesses.
2. But for an incentive agreement, the company would not create the jobs and investment in the community.

3. The investment should be at least $10,000,000.00 in real and personal property.
4. The average wage of the business' employees should be above the average wage of goods producing employees in Hall County.
5. The business should offer medical benefits to all employees.
6. The impacts to job retention will be considered for each expansion project.
7. As a condition of assistance, a business will be required to work with the Gainesville and Hall County Development Authority to convey title to the Authority.

In return for a property tax benefit, a company is required to commit to creating jobs and capital investment within a defined period as part of a performance and accountability agreement with the Authority that includes provisions for the company to pay back a prorated portion of the benefit if they fail to meet the performance criteria by a specified date. The Authority monitors compliance with performance and accountability agreements to ensure the companies meet their commitments.

For the Hall County Schools' fiscal year ended June 30, 2021, the cumulative property tax not collected by the School District due to incentive agreements was $309,654.00, and $329,404.00 was paid to the School District through incentive agreements for the same period. Such agreements in effect resulted in an estimated $400.00 million in new capital investment and more than 1,350 new jobs. The Authority recently commissioned an economic impact analysis of the jobs and capital investment created in Hall County as a result of incentive agreements, and the study estimated an annual economic benefit to Hall County of $570,950,257.00 of direct and indirect economic benefits to the community as a result of economic development projects supported by the incentive agreements in place in the Hall County School District.

NOTE 16: SPECIAL ITEM

During fiscal year 2021, the School District sold or otherwise disposed certain capital assets. These items were removed from the capital assets records at their net carrying values and combined with the proceeds received resulted in a net loss of $346,091.52. This amount is reported as a special item on Exhibit B of this report.

Note 17: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters authorized a continuation of collection of a one percent sales and use tax issue in Hall County for the purpose of raising not more than $250,000,000.00 to be distributed to Hall County School District, City of Gainesville School District, and City of Buford School District based on student enrollments in those School Districts. Collection of the new tax will begin October 1, 2022 and will continue until $250,000.00000 is raised or through September 30, 2027, whichever occurs first.

For Hall County School District, the tax will be used to pay for various capital outlay projects throughout the School District for which costs are estimated to be $189,533,176.00, for payment due on certain installment sale agreements between the School District and the Gainesville and Hall County Development Authority estimated to be $145,996.00 and for paying a portion of debt service on general obligation bonds of the Hall County School District not to exceed $50,000.000.00.

(This page left intentionally blank)

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	1.177924%	$ 285,339,297.00	$ 594,939.00	$ 285,934,236.00	$ 152,089,597.34	187.61%	77.01%
2020	1.176602%	$ 253,001,245.00	$ 561,221.00	$ 253,562,466.00	$ 143,908,233.09	175.81%	78.56%
2019	1.166091%	$ 216,451,467.00	$ 446,420.00	$ 216,897,887.00	$ 139,175,704.63	155.52%	80.27%
2018	1.150373%	$ 213,800,365.00	$ 2,334,129.00	$ 216,134,494.00	$ 133,561,656.27	160.08%	79.33%
2017	1.156913%	$ 238,684,051.00	$ 3,756,513.00	$ 242,440,564.00	$ 128,906,363.37	185.16%	76.06%
2016	1.164626%	$ 177,302,744.00	$ 2,678,664.00	$ 179,981,408.00	$ 124,781,368.61	142.09%	81.44%
2015	1.166769%	$ 147,405,873.00	$ 2,057,648.00	$ 149,463,521.00	$ 120,694,862.00	122.13%	84.03%

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

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

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	$ 29,273,496.00	$ 29,273,496.00	$ -	$ 153,882,421.56	19.02%
2020	$ 32,084,794.00	$ 32,084,794.00	$ -	$ 152,089,597.34	21.10%
2019	$ 30,015,690.14	$ 30,015,690.14	$ -	$ 143,908,233.09	20.86%
2018	$ 23,347,276.94	$ 23,347,276.94	$ -	$ 139,175,704.63	16.78%
2017	$ 18,853,460.00	$ 18,853,460.00	$ -	$ 133,561,656.27	14.12%
2016	$ 18,112,226.00	$ 18,112,226.00	$ -	$ 128,906,363.37	14.05%
2015	$ 16,167,196.67	$ 16,167,196.67	$ -	$ 124,781,368.61	12.96%
2014 (1)	$ 14,817,258.11	$ 14,817,258.11	$ -	$ 120,694,862.00	12.28%
2013 (1)	$ 13,816,062.61	$ 13,816,062.61	$ -	$ 121,087,314.72	11.41%
2012 (1)	$ 12,538,194.51	$ 12,538,194.51	$ -	$ 121,966,872.67	10.28%

(1) These amounts include contributions paid on the School District's behalf by the Georgia Department of Education.

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00%	$ -	$ 2,509,764.00	$ 2,509,764.00	$ 8,226,784.42	N/A	84.45%
2020	0.00%	$ -	$ 2,414,630.00	$ 2,414,630.00	$ 7,997,880.19	N/A	85.02%
2019	0.00%	$ -	$ 2,364,550.00	$ 2,364,550.00	$ 7,799,727.86	N/A	85.26%
2018	0.00%	$ -	$ 2,250,443.00	$ 2,250,443.00	$ 7,807,800.32	N/A	85.69%
2017	0.00%	$ -	$ 2,952,169.00	$ 2,952,169.00	$ 7,584,539.95	N/A	81.00%
2016	0.00%	$ -	$ 2,080,597.00	$ 2,080,597.00	$ 7,625,534.08	N/A	87.00%
2015	0.00%	$ -	$ 1,881,067.00	$ 1,881,067.00	$ 7,799,257.19	N/A	88.29%

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

SCHEDULE "4"

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

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	1.552090%	$ 227,965,874.00	$ -	$ 227,965,874.00	$ 141,563,168.87	161.03%	3.99%
2020	1.555799%	$ 190,929,917.00	$ -	$ 190,929,917.00	$ 133,584,702.25	142.93%	4.63%
2019	1.542768%	$ 196,081,078.00	$ -	$ 196,081,078.00	$ 128,990,213.74	152.01%	2.93%
2018	1.546011%	$ 217,213,923.00	$ -	$ 217,213,923.00	$ 121,915,571.57	178.17%	1.61%

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

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

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2021	$ 5,718,155.00	$ 5,718,155.00	$ -	$ 145,354,705.55	3.93%
2020	$ 5,248,807.00	$ 5,248,807.00	$ -	$ 141,563,168.87	3.71%
2019	$ 8,379,054.00	$ 8,379,054.00	$ -	$ 133,584,702.25	6.27%
2018	$ 7,996,021.00	$ 7,996,021.00	$ -	$ 128,990,213.74	6.20%
2017	$ 8,061,024.00	$ 8,061,024.00	$ -	$ 121,915,571.57	6.61%

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

Teachers Retirement System

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

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

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

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

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

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

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 104,005,508.00	$ 104,005,508.00	$ 107,874,420.59	$ 3,868,912.59
Sales Taxes	1,350,000.00	1,350,000.00	5,527,789.48	4,177,789.48
State Funds	146,094,033.00	155,359,614.60	156,906,949.73	1,547,335.13
Federal Funds	36,113,443.47	60,338,640.59	47,469,271.85	(12,869,368.74)
Charges for Services	4,547,146.50	4,195,666.50	1,905,495.12	(2,290,171.38)
Investment Earnings	600,567.00	600,567.00	59,719.60	(540,847.40)
Miscellaneous	4,169,555.00	4,268,207.93	5,223,515.94	955,308.01
Total Revenues	296,880,252.97	330,118,204.62	324,967,162.31	(5,151,042.31)
EXPENDITURES				
Current				
Instruction	197,767,788.00	200,818,080.25	189,299,378.33	11,518,701.92
Support Services				
Pupil Services	14,952,729.00	17,039,215.00	15,393,653.11	1,645,561.89
Improvement of Instructional Services	12,259,340.00	12,866,555.00	10,800,254.06	2,066,300.94
Educational Media Services	5,200,034.00	6,272,868.00	5,107,170.13	1,165,697.87
General Administration	918,518.00	1,213,832.00	553,508.34	660,323.66
School Administration	19,019,291.00	19,294,943.00	17,871,848.16	1,423,094.84
Business Administration	2,588,009.00	2,855,682.00	3,120,514.09	(264,832.09)
Maintenance and Operation of Plant	19,054,964.00	25,483,628.00	17,364,606.97	8,119,021.03
Student Transportation Services	15,397,835.00	25,588,036.00	13,847,690.25	11,740,345.75
Central Support Services	6,169,780.00	6,081,794.32	5,978,270.63	103,523.69
Other Support Services	1,764,094.00	2,082,224.00	957,437.12	1,124,786.88
Enterprise Operations	1,758,782.00	1,758,782.00	1,396,941.86	361,840.14
Community Services	-	-	4,400.92	(4,400.92)
Food Services Operation	14,791,778.11	14,172,210.87	14,468,661.04	(296,450.17)
Capital Outlay	3,106.00	1,003,106.00	845,800.20	157,305.80
Total Expenditures	311,646,048.11	336,530,956.44	297,010,135.21	39,520,821.23
Excess of Revenues over (under) Expenditures	(14,765,795.14)	(6,412,751.82)	27,957,027.10	34,369,778.92
OTHER FINANCING SOURCES(USES)				
Other Sources	59,843.00	216,843.00	562.13	(216,280.87)
Other Uses	(11,500.00)	(168,500.00)	(192,341.96)	(23,841.96)
Sale of Capital Assets	20,000.00	20,000.00	5,500.00	(14,500.00)
Total Other Financing Sources (Uses)	68,343.00	68,343.00	(186,279.83)	(254,622.83)
Net Change in Fund Balances	(14,697,452.14)	(6,344,408.82)	27,770,747.27	34,115,156.09
Fund Balances - Beginning	47,881,989.00	50,949,417.57	49,849,296.37	(1,100,121.20)
Fund Balances - Ending	$ 33,184,536.86	$ 44,605,008.75	$ 77,620,043.64	$ 33,015,034.89

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

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

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	215GA324N1199	$ 3,515,624.84
National School Lunch Program	10.555	215GA324N1199	9,855,769.52
Total Child Nutrition Cluster			13,371,394.36
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	215GA324L1603	264,348.77
Total U. S. Department of Agriculture			13,635,743.13
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	5,162,258.22
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	14,172,568.43
Total Education Stabilization Fund			19,334,826.65
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	81,434.58
Grants to States	84.027A	H027A200073	4,778,498.87
Preschool Grants	84.173A	H173A200081	200,283.05
Total Special Education Cluster			5,060,216.50
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	294,628.35
Education for Homeless Children and Youth	84.196A	S196A190011	23,249.18
Education for Homeless Children and Youth	84.196A	S196A200011	45,517.16
English Language Acquisition State Grants	84.365A	S365A190010	315,131.37
English Language Acquisition State Grants	84.365A	S365A200010	225,717.25
Migrant Education - State Grant Program	84.011	S011A190011	130,617.55
Migrant Education - State Grant Program	84.011	S011A200011	170,014.24
Student Support and Academic Enrichment Program	84.424A	S424A190011	237,053.51
Student Support and Academic Enrichment Program	84.424A	S424A200011	476,880.13
Supporting Effective Instruction State Grants	84.367A	S367A190001	346,430.92
Supporting Effective Instruction State Grants	84.367A	S367A200001	270,338.40
Title I Grants to Local Educational Agencies	84.010A	S010A190010	678,236.56
Title I Grants to Local Educational Agencies	84.010A	S010A200010	5,981,872.43
Total Other Programs			9,195,687.05
Total U. S. Department of Education			33,590,730.20

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER		EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of				
Pass-Through From Bright From the Start				
Georgia Department of Early Care and Learning				
COVID-19 - Child Care and Development Block Grant	93.575	2110GACCC5		23,590.11
Pass-Through From Georgia Department of Education				
Substance Abuse and Mental Health Services Projects of				
Regional and National Significance	93.243	H79SM083659		216,021.88
Total U. S. Department of Health and Human Services				239,611.99
Defense, U. S. Department of				
Direct				
Department of the Navy				
R.O.T.C. Program	12. UNKNOWN			69,345.09
Total Expenditures of Federal Awards			$	47,535,430.41

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Donated Personal Protective Equipment

In response to the COVID-19 pandemic, the federal government donated personal protective equipment (PPE) to Georgia Emergency Management and Homeland Security Agency (GEMA/HS). GEMA/HS, then, donated PPE with an estimated fair market value of $65,860.00 to the Hall County Board of Education. This amount is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit. Therefore, this amount is unaudited.

HALL COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE

YEAR ENDED JUNE 30, 2021

SCHEDULE "9"

AGENCY/FUNDING		GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS		
Bright From the Start:		
Georgia Department of Early Care and Learning		
Pre-Kindergarten Program	$	926,007.60
Education, Georgia Department of		
Quality Basic Education		
Direct Instructional Cost		
Kindergarten Program		5,990,249.00
Kindergarten Program - Early Intervention Program		3,832,226.00
Primary Grades (1-3) Program		14,887,115.00
Primary Grades - Early Intervention (1-3) Program		7,471,941.00
Upper Elementary Grades (4-5) Program		7,817,997.00
Upper Elementary Grades - Early Intervention (4-5) Program		3,995,896.00
Middle School (6-8) Program		18,908,916.00
High School General Education (9-12) Program		16,810,248.00
Vocational Laboratory (9-12) Program		5,805,253.00
Students with Disabilities		23,030,817.00
Gifted Student - Category VI		7,565,603.00
Remedial Education Program		1,122,894.00
Alternative Education Program		1,385,740.00
English Speakers of Other Languages (ESOL)		9,756,185.00
Media Center Program		3,168,489.00
20 Days Additional Instruction		941,411.00
Staff and Professional Development		601,066.00
Principal Staff and Professional Development		10,321.00
Indirect Cost		
Central Administration		3,013,900.00
School Administration		6,443,528.00
Facility Maintenance and Operations		6,931,024.00
Mid-term Adjustment Hold-Harmless		135,520.00
Amended Formula Adjustment		(4,860,058.00)
Categorical Grants		
Pupil Transportation		
Regular		1,963,379.00
Bus Replacement		540,540.00
Nursing Services		569,938.00
Vocational Supervisors		27,298.00
Education Equalization Funding Grant		5,563,117.00
Other State Programs		
Career Technical and Agricultural Education (CTAE)		364,335.93
Food Services		392,274.00
Hygiene Products		9,814.00
Math and Science Supplements		227,449.00
Preschool Disability Services		461,828.25
Pupil Transportation - State Bonds		217,440.00
Teachers Retirement		58,500.70
Vocational Construction Related Equipment - State Bonds		210,000.00
Georgia Emergency Management Agency		
Donations to LEA for COVID		155,908.25
Office of the State Treasurer		
Public School Employees Retirement		452,839.00
	$	156,906,949.73

See notes to the basic financial statements.

(This page left intentionally blank)

HALL COUNTY BOARD OF EDUCATION

SCHEDULE "10"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS

YEAR ENDED JUNE 30, 2021

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
SPLOST V Acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, sports facilities, other student activity facilities, acquiring and conducting site preparation of real estate for current and future School District purposes, constructing and equipping additional classrooms, instructional and support space, and other school district facilities at existing school system facilities, including but not limited to roofing, HVAC, security and emergency alarm systems, flooring, plumbing and electrical capacity, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, library books and school buses.	$ 147,030,000.00	$ 147,030,000.00	6/30/2023
Payment of a portion of the purchase price payments due on that certain contract between the School District and the Gainesville and Hall County Development Authority, dated as of November 1, 2007, with a maximum payment of $875,975.00.	875,975.40	875,975.40	11/30/2022
Payment of a portion of the purchase price payments due on that certain installment sales agreement between the Hall County School District and the Gainesville and Hall County Development Authority, dated as of September 1, 2010, with a maximum payment amount of $1,045,000.00.	1,045,000.00	1,044,992.76	2/1/2028
Payment of any general obligation debt of the Hall County School District issued in conjunction with the imposition of the Sales Tax.	1,290,036.25	4,325,407.50	11/1/2022
Total	$ 150,241,011.65	$ 153,276,375.66	

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

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)(4)	AMOUNT EXPENDED IN PRIOR YEARS (3)(4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
SPLOST V				
Acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, sports facilities, other student activity facilities, acquiring and conducting site preparation of real estate for current and future School District purposes, constructing and equipping additional classrooms, instructional and support space, and other school district facilities at existing school system facilities, including but not limited to roofing, HVAC, security and emergency alarm systems, flooring, plumbing and electrical capacity, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, library books and school buses.	$ 17,809,322.71	$ 65,017,397.48	$ -	$ -
Payment of a portion of the purchase price payments due on that certain contract between the School District and the Gainesville and Hall County Development Authority, dated as of November 1, 2007, with a maximum payment of $875,975.00.	145,995.90	437,987.70	-	-
Payment of a portion of the purchase price payments due on that certain installment sales agreement between the Hall County School District and the Gainesville and Hall County Development Authority, dated as of September 1, 2010, with a maximum payment amount of $1,045,000.00.	75,927.75	146,562.00	-	-
Payment of any general obligation debt of the Hall County School District issued in conjunction with the imposition of the Sales Tax.	749,216.50	2,947,135.50	-	-
Total	$ 18,780,462.86	$ 68,549,082.68	$ -	$ -

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

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

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

(4) Amounts include prepaid expense and payments to the QZAB investment with trustee.

Section II

Compliance and Internal Control Reports

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Will Schofield, Superintendent and Members of the
Hall County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Hall County Board of Education (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated April 20, 2022. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Greg S. Griffin
State Auditor

April 20, 2022

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Will Schofield, Superintendent and Members of the
Hall County Board of Education

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,

Greg S. Griffin
State Auditor

April 20, 2022

Section III

Auditee’s Response to Prior Year Findings and Questioned Costs

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

Prior Year Financial Statement Findings

No matters were reported.

Prior Year Federal Award Findings And Questioned Costs

No matters were reported.

Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$1,419,193.37
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.