



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

# Thomaston-Upson County Board of Education

## Thomaston, Georgia

Including Independent Auditor's Report

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



**DOAA**

Georgia Department  
of Audits & Accounts

# Thomaston-Upson County Board of Education

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# **Thomaston-Upson County Board of Education**

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# DOAA

Georgia Department  
of Audits & Accounts

Greg S. Griffin  
State Auditor

## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Larry Derico, Superintendent and Members of the  
Thomaston-Upson County Board of Education

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary activities of the Thomaston-Upson 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, each major fund, and fiduciary activities of the School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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 August 16, 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin  
State Auditor

August 16, 2022



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THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

## INTRODUCTION

Our discussion and analysis of the Thomaston-Upson County Board of Education's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

## FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and Statement No. 90, *Majority Equity Interests*. Adoption of Statement No. 84 resulted in a restatement of prior year net position and fund balance, an increase of \$116 thousand for both prior year net position and fund balance. See Note 14 for additional information.
- At June 30, 2021, the School District's general fund reported a fund balance of \$15.7 million, an increase of \$2.8 million from the prior fiscal year. Of this total \$1.3 million has been restricted to the continuation of federal programs and bus replacement. Unassigned fund balance totaled \$12.7 million.
- The School District had \$54.4 million in expenses relating to governmental activities: only \$35.2 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$19.7 million were adequate to provide for these programs.
- General revenues and special item accounted for \$20.2 million, or 36.4%, of all revenues totaling \$55.4 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.
- Among major funds, the general fund had \$50.7 million in revenues and \$47.9 million in expenditures. The fund balance for the general fund increased \$2.8 million to \$15.7 million. The increase is due to expenses being \$9.2 million lower than anticipated.
- SPLOST collections in fiscal year 2021 increased 20.6% as compared to collections in fiscal year 2020.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of several parts including management's discussion and analysis, the basic financial statements, notes to the basic financial statements, required supplementary information, 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. The *fiduciary funds* statement provides

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

information about the financial relationships in which the School District solely is trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Thomaston-Upson County School District, the general fund and capital projects fund are the most significant funds.

### **Government-Wide Statements**

The government-wide financial statements are basically a consolidation of all the School District's operating funds into one column called *governmental activities*. In reviewing the government-wide financial statements, a reader might ask the questions about whether the School District is in a better financial position than last year. The Statement of Net Position and Statement of Activities provide the basis for answering this question. These financial statements include all School District's non-fiduciary 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 and other factors.

The Statement of Net Position and the Statement of Activities reflect the School District's governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, principal's accounts and various others.

### **Fund Financial Statements**

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detailed information about only the School District's significant or major funds.

#### *Governmental Funds*

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the *modified accrual method of accounting* which measures cash and other *financial assets* that can 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 within the financial statements.

#### *Fiduciary Funds*

The School District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarships. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

Table 1, Statement of Net Position, provides the perspective of the School District as a whole.

**Table 1**  
**Net Position**

|   | Governmental Activities |                         |                     |
|---|-------------------------|-------------------------|---------------------|
|   | Fiscal Year<br>2021     | Fiscal Year<br>2020 (1) | Net<br>Change       |
| <b>Assets</b>                               |                         |                         |                     |
| Current and Other Assets                    | \$ 23,604,018           | \$ 19,144,889           | \$ 4,459,129        |
| Capital Assets, Net                         | <u>41,324,397</u>       | <u>42,591,443</u>       | <u>(1,267,046)</u>  |
| <b>Total Assets</b>                         | <u>64,928,415</u>       | <u>61,736,332</u>       | <u>3,192,083</u>    |
| <b>Deferred Outflows of Resources</b>       |                         |                         |                     |
| Related to Defined Pension Plans            | 12,574,898              | 11,982,385              | 592,513             |
| Related to OPED Plan                        | <u>9,178,183</u>        | <u>2,915,680</u>        | <u>6,262,503</u>    |
| <b>Total Deferred Outflows Of Resources</b> | <u>21,753,081</u>       | <u>14,898,065</u>       | <u>6,855,016</u>    |
| <b>Liabilities</b>                          |                         |                         |                     |
| Current and Other Liabilities               | 3,298,251               | 3,670,606               | (372,355)           |
| Long-Term Liabilities                       | 146,146                 | 150,947                 | (4,801)             |
| Net Pension Liability                       | 42,957,989              | 39,702,724              | 3,255,265           |
| Net OBEP Liability                          | <u>42,617,600</u>       | <u>35,191,727</u>       | <u>7,425,873</u>    |
| <b>Total Liabilities</b>                    | <u>89,019,986</u>       | <u>78,716,004</u>       | <u>10,303,982</u>   |
| <b>Deferred Inflows of Resources</b>        |                         |                         |                     |
| Related to Defined Benefit Pension Plans    | 2,035,502               | 2,751,566               | (716,064)           |
| Related to OPEB Plan                        | <u>9,213,791</u>        | <u>9,860,804</u>        | <u>(647,013)</u>    |
| <b>Total Deferred Inflows of Resources</b>  | <u>11,249,293</u>       | <u>12,612,370</u>       | <u>(1,363,077)</u>  |
| <b>Net Position</b>                         |                         |                         |                     |
| Net Investment in Capital Assets            | 41,177,734              | 42,591,443              | (1,413,709)         |
| Restricted                                  | 5,690,370               | 3,198,023               | 2,492,347           |
| Unrestricted (Deficit)                      | <u>(60,455,887)</u>     | <u>(60,483,443)</u>     | <u>27,556</u>       |
| <b>Total Net Position</b>                   | <u>\$ (13,587,783)</u>  | <u>\$ (14,693,977)</u>  | <u>\$ 1,106,194</u> |

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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Total net position decreased \$1.1 million, without consideration of the restatement, in fiscal year 2021 from the prior year. This change in net position is detailed in Table 2 as presented below. Table 2 shows the changes in net position for fiscal year 2021 as compared to 2020.

**Table 2**  
**Change in Net Position**

|  | Governmental Activities |                         |                |
|--|-------------------------|-------------------------|----------------|
|  | Fiscal Year<br>2021     | Fiscal Year<br>2020 (1) | Net<br>Change  |
| <b>Revenues</b>                          |                         |                         |                |
| Program Revenues                         |                         |                         |                |
| Charges for Services                     | \$ 306,742              | \$ 284,864              | \$ 21,878      |
| Operating Grants and Contributions       | 34,492,952              | 32,325,582              | 2,167,370      |
| Capital Grants and Contributions         | 386,100                 | 154,440                 | 231,660        |
| Total Program Revenues                   | 35,185,794              | 32,764,886              | 2,420,908      |
| General Revenues                         |                         |                         |                |
| Taxes                                    |                         |                         |                |
| Property Taxes                           |                         |                         |                |
| For Maintenance and Operations           | 10,176,337              | 9,629,161               | 547,176        |
| Other Taxes                              | 11,722                  | 11,455                  | 267            |
| Sales Tax                                |                         |                         |                |
| Special Purpose Local Option Sales Tax   |                         |                         |                |
| For Capital Projects                     | 4,062,296               | 3,971,338               | 90,958         |
| Other Sales Tax                          | 230,264                 | 166,872                 | 63,392         |
| Grants and Contributions not             |                         |                         |                |
| Restricted to Specific Programs          | 4,176,797               | 4,553,884               | (377,087)      |
| Investment Earnings                      | 260,469                 | 191,932                 | 68,537         |
| Miscellaneous                            | 777,703                 | 642,591                 | 135,112        |
| Special Item                             |                         |                         |                |
| Donated Land and Buildings               | 472,378                 | -                       | 472,378        |
| Total General Revenues and Special Item  | 20,167,966              | 19,167,233              | 1,000,733      |
| Total Revenues                           | 55,353,760              | 51,932,119              | 3,421,641      |
| <b>Program Expenses</b>                  |                         |                         |                |
| Instruction                              | 34,194,810              | 30,580,456              | 3,614,354      |
| Support Services                         |                         |                         |                |
| Pupil Services                           | 2,167,300               | 1,949,680               | 217,620        |
| Improvement of Instructional Services    | 1,703,650               | 1,638,459               | 65,191         |
| Educational Media Services               | 490,864                 | 502,932                 | (12,068)       |
| General Administration                   | 1,358,536               | 1,241,749               | 116,787        |
| School Administration                    | 3,283,556               | 3,189,135               | 94,421         |
| Business Administration                  | 447,515                 | 443,459                 | 4,056          |
| Maintenance and Operation of Plant       | 4,181,523               | 3,730,727               | 450,796        |
| Student Transportation Services          | 2,637,612               | 2,649,430               | (11,818)       |
| Central Support Services                 | 192,036                 | 201,540                 | (9,504)        |
| Other Support Services                   | 133,024                 | 145,344                 | (12,320)       |
| Operations of Non-Instructional Services |                         |                         |                |
| Food Services                            | 3,573,412               | 3,507,928               | 65,484         |
| Total Expenses                           | 54,363,838              | 49,780,839              | 4,582,999      |
| Increase in Net Position                 | \$ 989,922              | \$ 2,151,280            | \$ (1,161,358) |

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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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### Governmental Activities

Instruction comprises 62.9% of governmental program expenses. Support service expenses make up 30.5% of the expenses.

The state's QBE funding does not provide an adequate level of funding to provide basic education services and to adequately maintain facilities. The School District levies a millage rate of 13.73 mills to provide additional local funding along with a 1% (ESPLOST) sales tax.

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. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

| <b>Table 3</b>                           |                        |               |                      |               |
|--|------------------------|---------------|----------------------|---------------|
| <b>Governmental Activities</b>           |                        |               |                      |               |
|  | Total Cost of Services |               | Net Cost of Services |               |
|  | Fiscal Year            | Fiscal Year   | Fiscal Year          | Fiscal Year   |
|  | 2021                   | 2020 (1)      | 2021                 | 2020 (1)      |
| Instruction                              | \$ 34,194,810          | \$ 30,580,456 | \$ 9,275,957         | \$ 7,249,436  |
| Support Services                         |                        |               |                      |               |
| Pupil Services                           | 2,167,300              | 1,949,680     | 1,725,377            | 1,669,749     |
| Improvement of Instructional Services    | 1,703,650              | 1,638,459     | 650,831              | 642,437       |
| Educational Media Services               | 490,864                | 502,932       | (47,569)             | (54,590)      |
| General Administration                   | 1,358,536              | 1,241,749     | 227,405              | 147,876       |
| School Administration                    | 3,283,556              | 3,189,135     | 2,214,909            | 2,135,817     |
| Business Administration                  | 447,515                | 443,459       | 441,142              | 439,355       |
| Maintenance and Operation of Plant       | 4,181,523              | 3,730,727     | 2,624,937            | 2,243,931     |
| Student Transportation Services          | 2,637,612              | 2,649,430     | 1,464,643            | 1,769,307     |
| Central Support Services                 | 192,036                | 201,540       | 188,464              | 199,063       |
| Other Support Services                   | 133,025                | 145,344       | 131,176              | 143,498       |
| Operations of Non-Instructional Services |                        |               |                      |               |
| Food Services                            | 3,573,412              | 3,507,928     | 280,772              | 430,075       |
| Total Expenses                           | \$ 54,362,839          | \$ 49,780,839 | \$ 19,178,044        | \$ 17,015,954 |

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

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

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services are activities designed to assess and improve the well-being of students and to supplement the teaching process.

Improvement of instruction are activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing a challenging learning experience for students.

Educational media is directing, managing, and operating educational media centers.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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General administration establishes and administers policy for operating the School District.

School administration includes principals, assistant principals, and clerical staff who administer the school operations.

Business administration includes the financial operations of the School District.

Maintenance and operations of plant activities involve keeping the school grounds, buildings, and equipment in effective working condition.

Student transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Central support includes personnel services, strategic planning, and public relations activities.

Other support services include all other support services.

Food services prepares and serves breakfast, lunch, and snacks to the students of the School District.

Although program revenues make up a majority of the revenue, the School District is still dependent upon tax revenues for governmental activities.

## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$55.2 million and total expenses of \$50.1 million. The net change in fund balance for the year in the general fund was an increase of \$2.8 million and in the capital projects fund an increase of \$2.2 million.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, which includes local, state, and Federal funds collected and disbursed for the purpose of operating the School District.

The School District's 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 actual revenues of \$50.7 million were under the final budgeted amount of \$54.9 million by \$4.2 million. The difference (actual vs. final budget) was mainly due to a decrease in federal revenue. Additionally, the School District did not include revenues for school activity accounts (included in miscellaneous revenues) in the final budget. The School District traditionally estimates revenue on a conservative basis to avoid shortfalls in actual revenues.

The general fund's final actual expenditures of \$47.9 million were less than the final budget amount of \$57.2 million. Expenses were less than budget in instruction, pupil services, improvement of instructional services, educational media services, general administration, business administration, maintenance and operation of plant, student transportation services, central support services, other support services, and food services. Expenses were more than budget in school administration. Actual general fund revenues exceeded expenses by \$2.8 million from a budgeted decrease of \$2.3 million. As in prior years, the School District did not include expenditures for school activity accounts in the final budget.



THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**CAPITAL ASSETS**

**Table 4**  
**Capital Assets**  
**(Net of Depreciation)**

|                           | Governmental Activities |               |                |
|---------------------------|-------------------------|---------------|----------------|
|                           | Fiscal Year             | Fiscal Year   | Net            |
|                           | 2021                    | 2020          | Change         |
| Land                      | \$ 797,021              | \$ 451,746    | \$ 345,275     |
| Construction In Progress  | 246,458                 | 97,628        | 148,830        |
| Building and Improvements | 34,418,616              | 35,603,143    | (1,184,527)    |
| Equipment                 | 4,582,724               | 5,167,470     | (584,746)      |
| Land Improvements         | 1,279,578               | 1,271,456     | 8,122          |
| Total                     | \$ 41,324,397           | \$ 42,591,443 | \$ (1,267,046) |

At fiscal year ended June 30, 2021, the School District had \$41.3 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 reflects a summary of these balances, net of accumulated depreciation.

**CURRENT ISSUES**

The School District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

The School District continues to be financially stable as the fund balance continues to exceed the state's benchmark. The School District's operating millage rate for fiscal year 2021 was 13.73 mills. Our millage rate continues to remain one of the lowest of the surrounding counties.

The School District passed a budget for fiscal year 2022 that dips into their reserves \$1.1 million. The School District does not intend to continue to pass future budgets that dip in their reserves but did this as a temporary measure to minimize the impact on schools. The School District is committed to make additional resources available at the school level which could enable our strategic initiatives.

The School District has received approximately \$21.6 million in additional COVID-19 federal relief funds from the CARES Act, CARES II and American Rescue Plan (ARP). This includes \$300,000 in fiscal year 2022 funds. The purpose of these funds is to address the impact COVID-19 has had on elementary and secondary schools across the nation. The School District is utilizing these funds for continuity of services, updating technology, software for remote learners, learning loss, literacy, social and emotional learning and safety and sanitation efforts.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens and taxpayers 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 Kathy Matthews, Director of Finance, Thomaston-Upson County Board of Education, 205 Civic Center Drive, Thomaston, Georgia 30286. Alternatively, you may send requests to following email address [kmatthews@upson.k12.ga.us](mailto:kmatthews@upson.k12.ga.us).

**Thomaston-Upson County Board of Education**

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT "A"

|   | GOVERNMENTAL<br>ACTIVITIES |
|---|----------------------------|
| <u>ASSETS</u>   |                            |
| Cash and Cash Equivalents                                     | \$ 17,392,263.14           |
| Accounts Receivable, Net                                      |                            |
| Taxes   | 785,659.55                 |
| State Government  | 3,478,124.38               |
| Federal Government  | 1,652,717.94               |
| Other   | 99,553.27                  |
| Due From Other Funds  | 2,455.00                   |
| Inventories   | 138,698.42                 |
| Prepaid Items   | 40,797.89                  |
| Net OPEB Asset  | 13,749.00                  |
| Capital Assets, Non-Depreciable                               | 1,043,479.14               |
| Capital Assets, Depreciable (Net of Accumulated Depreciation) | 40,280,917.36              |
| Total Assets  | <u>64,928,415.09</u>       |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u>                         |                            |
| Related to Defined Benefit Pension Plans                      | 12,574,898.55              |
| Related to OPEB Plan  | 9,178,183.00               |
| Total Deferred Outflows of Resources                          | <u>21,753,081.55</u>       |
| <u>LIABILITIES</u>  |                            |
| Accounts Payable  | 497,546.17                 |
| Salaries and Benefits Payable                                 | 2,654,042.80               |
| Contracts Payable   | 130,164.75                 |
| Retainages Payable  | 16,497.55                  |
| Net Pension Liability   | 42,957,989.00              |
| Net OPEB Liability  | 42,617,600.00              |
| Long-Term Liabilities   |                            |
| Due Within One Year   | 146,145.94                 |
| Total Liabilities   | <u>89,019,986.21</u>       |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                          |                            |
| Related to Defined Benefit Pension Plans                      | 2,035,502.00               |
| Related to OPEB Plan  | 9,213,791.00               |
| Total Deferred Inflows of Resources                           | <u>11,249,293.00</u>       |
| <u>NET POSITION</u>   |                            |
| Net Investment in Capital Assets                              | 41,177,734.20              |
| Restricted for  |                            |
| Bus Replacement   | 386,100.00                 |
| Continuation of Federal Programs                              | 1,077,886.14               |
| Capital Projects  | 4,212,634.90               |
| Net OPEB Asset  | 13,749.00                  |
| Unrestricted (Deficit)  | <u>(60,455,886.81)</u>     |
| Total Net Position  | <u>\$ (13,587,782.57)</u>  |

THOMASTON-UPSON 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 |                        |
| <u>GOVERNMENTAL ACTIVITIES</u>                               |                         |                      |                                    |                                  |                                      |                        |
| Instruction  | \$ 34,194,810.12        | \$ 225,948.03        | \$ 24,692,905.66                   | \$ -                             | \$ (9,275,956.43)                    |                        |
| Support Services   |                         |                      |                                    |                                  |                                      |                        |
| Pupil Services   | 2,167,299.71            | -                    | 441,922.70                         | -                                | (1,725,377.01)                       |                        |
| Improvement of Instructional Services                        | 1,703,650.20            | -                    | 1,052,819.05                       | -                                | (650,831.15)                         |                        |
| Educational Media Services                                   | 490,863.79              | -                    | 538,432.92                         | -                                | 47,569.13                            |                        |
| General Administration                                       | 1,358,536.06            | -                    | 1,131,130.67                       | -                                | (227,405.39)                         |                        |
| School Administration  | 3,283,555.80            | -                    | 1,068,646.94                       | -                                | (2,214,908.86)                       |                        |
| Business Administration                                      | 447,515.29              | -                    | 6,373.01                           | -                                | (441,142.28)                         |                        |
| Maintenance and Operation of Plant                           | 4,181,523.25            | -                    | 1,556,586.83                       | -                                | (2,624,936.42)                       |                        |
| Student Transportation Services                              | 2,637,612.06            | -                    | 786,868.74                         | 386,100.00                       | (1,464,643.32)                       |                        |
| Central Support Services                                     | 192,036.25              | -                    | 3,571.93                           | -                                | (188,464.32)                         |                        |
| Other Support Services                                       | 133,024.50              | -                    | 1,849.04                           | -                                | (131,175.46)                         |                        |
| Operations of Non-Instructional Services                     |                         |                      |                                    |                                  |                                      |                        |
| Food Services  | 3,573,411.53            | 80,794.15            | 3,211,844.99                       | -                                | (280,772.39)                         |                        |
| Total Governmental Activities                                | <u>\$ 54,363,838.56</u> | <u>\$ 306,742.18</u> | <u>\$ 34,492,952.48</u>            | <u>\$ 386,100.00</u>             | <u>(19,178,043.90)</u>               |                        |
| General Revenues   |                         |                      |                                    |                                  |                                      |                        |
| Taxes  |                         |                      |                                    |                                  |                                      |                        |
| Property Taxes   |                         |                      |                                    |                                  |                                      |                        |
| For Maintenance and Operations                               |                         |                      |                                    |                                  |                                      | 10,176,336.96          |
| Railroad Cars  |                         |                      |                                    |                                  |                                      | 11,721.77              |
| Sales Taxes  |                         |                      |                                    |                                  |                                      |                        |
| Special Purpose Local Option Sales Tax                       |                         |                      |                                    |                                  |                                      |                        |
| For Capital Projects   |                         |                      |                                    |                                  |                                      | 4,062,295.84           |
| Other Sales Tax  |                         |                      |                                    |                                  |                                      | 230,264.60             |
| Grants and Contributions not Restricted to Specific Programs |                         |                      |                                    |                                  |                                      | 4,176,797.00           |
| Investment Earnings  |                         |                      |                                    |                                  |                                      | 260,468.45             |
| Miscellaneous  |                         |                      |                                    |                                  |                                      | 777,703.10             |
| Special Item   |                         |                      |                                    |                                  |                                      |                        |
| Donated Land and Buildings                                   |                         |                      |                                    |                                  |                                      | 472,378.00             |
| Total General Revenues and Special Item                      |                         |                      |                                    |                                  |                                      | <u>20,167,965.72</u>   |
| Change in Net Position                                       |                         |                      |                                    |                                  |                                      | 989,921.82             |
| Net Position - Beginning of Year (Restated)                  |                         |                      |                                    |                                  |                                      | <u>(14,577,704.39)</u> |
| Net Position - End of Year                                   |                         |                      |                                    |                                  |                                      | \$ (13,587,782.57)     |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

EXHIBIT "C"

|  | GENERAL<br>FUND  | CAPITAL<br>PROJECTS<br>FUND | TOTAL            |
|--|------------------|-----------------------------|------------------|
|  | <hr/>            | <hr/>                       | <hr/>            |
| <u>ASSETS</u>  |                  |                             |                  |
| Cash and Cash Equivalents  | \$ 13,382,668.35 | \$ 4,009,594.79             | \$ 17,392,263.14 |
| Accounts Receivable, Net   |                  |                             |                  |
| Taxes  | 408,580.99       | 377,078.56                  | 785,659.55       |
| State Government   | 3,478,124.38     | -                           | 3,478,124.38     |
| Federal Government   | 1,652,717.94     | -                           | 1,652,717.94     |
| Other  | 98,915.59        | 637.68                      | 99,553.27        |
| Due from Other Funds   | 2,455.00         | -                           | 2,455.00         |
| Inventories  | 138,698.42       | -                           | 138,698.42       |
| Prepaid Items  | 7,254.46         | 33,543.43                   | 40,797.89        |
|  | <hr/>            | <hr/>                       | <hr/>            |
| Total Assets   | \$ 19,169,415.13 | \$ 4,420,854.46             | \$ 23,590,269.59 |
|  | <hr/>            | <hr/>                       | <hr/>            |
| <u>LIABILITIES</u>   |                  |                             |                  |
| Accounts Payable   | 289,326.61       | 208,219.56                  | 497,546.17       |
| Salaries and Benefits Payable  | 2,654,042.80     | -                           | 2,654,042.80     |
| Contracts Payable  | -                | 130,164.75                  | 130,164.75       |
| Retainages Payable   | -                | 16,497.55                   | 16,497.55        |
|  | <hr/>            | <hr/>                       | <hr/>            |
| Total Liabilities  | 2,943,369.41     | 354,881.86                  | 3,298,251.27     |
|  | <hr/>            | <hr/>                       | <hr/>            |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                                   |                  |                             |                  |
| Unavailable Revenue - Property Taxes                                   | 76,422.27        | -                           | 76,422.27        |
| Unavailable Revenue - Federal Revenues                                 | 499,359.07       | -                           | 499,359.07       |
|  | <hr/>            | <hr/>                       | <hr/>            |
|  | 575,781.34       | -                           | 575,781.34       |
|  | <hr/>            | <hr/>                       | <hr/>            |
| <u>FUND BALANCES</u>   |                  |                             |                  |
| Nonspendable   | 148,407.88       | 33,543.43                   | 181,951.31       |
| Restricted   | 1,322,826.83     | 4,032,429.17                | 5,355,256.00     |
| Committed  | 293,940.67       | -                           | 293,940.67       |
| Assigned   | 1,140,415.00     | -                           | 1,140,415.00     |
| Unassigned   | 12,744,674.00    | -                           | 12,744,674.00    |
|  | <hr/>            | <hr/>                       | <hr/>            |
| Total Fund Balances  | 15,650,264.38    | 4,065,972.60                | 19,716,236.98    |
|  | <hr/>            | <hr/>                       | <hr/>            |
| Total Liabilities, Deferred Inflows<br>of Resources, and Fund Balances | \$ 19,169,415.13 | \$ 4,420,854.46             | \$ 23,590,269.59 |
|  | <hr/>            | <hr/>                       | <hr/>            |

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

EXHIBIT "D"

|   |    |                               |
|---|----|-------------------------------|
| Total fund balances - governmental funds (Exhibit "C")  | \$ | 19,716,236.98                 |
| 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  | \$ | 797,020.96                    |
| Construction in progress  |    | 246,458.18                    |
| Buildings and improvements  |    | 62,967,026.62                 |
| Equipment   |    | 10,117,824.82                 |
| Land improvements   |    | 8,192,292.96                  |
| Accumulated depreciation  |    | (40,996,227.04)               |
|   |    | <u>41,324,396.50</u>          |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.                                       |    |                               |
| Net pension liability   | \$ | (42,957,989.00)               |
| Net OPEB asset  |    | 13,749.00                     |
| Net OPEB liability  |    | (42,617,600.00)               |
|   |    | <u>(85,561,840.00)</u>        |
| Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds. |    |                               |
| Related to pensions   | \$ | 10,539,396.55                 |
| Related to OPEB   |    | (35,608.00)                   |
|   |    | <u>10,503,788.55</u>          |
| Taxes that are not available to pay for current period expenditures are deferred in the funds.  |    | 76,422.27                     |
| Federal Funds that are not available to pay current period expenditures are deferred in the funds.  |    | 499,359.07                    |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.                                    |    |                               |
| Compensated absences payable  |    | <u>(146,145.94)</u>           |
| Net position of governmental activities (Exhibit "A")   | \$ | <u><u>(13,587,782.57)</u></u> |

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

EXHIBIT "E"

|                                       | GENERAL<br>FUND         | CAPITAL<br>PROJECTS<br>FUND | TOTAL                   |
|---------------------------------------|-------------------------|-----------------------------|-------------------------|
| <u>REVENUES</u>                       |                         |                             |                         |
| Property Taxes                        | \$ 10,279,651.45        | \$ -                        | \$ 10,279,651.45        |
| Sales Taxes                           | 230,264.60              | 4,392,275.10                | 4,622,539.70            |
| State Funds                           | 29,566,381.14           | -                           | 29,566,381.14           |
| Federal Funds                         | 9,336,119.41            | -                           | 9,336,119.41            |
| Charges for Services                  | 306,742.18              | -                           | 306,742.18              |
| Investment Earnings                   | 216,708.25              | 43,760.20                   | 260,468.45              |
| Miscellaneous                         | 780,203.10              | -                           | 780,203.10              |
| Total Revenues                        | <u>50,716,070.13</u>    | <u>4,436,035.30</u>         | <u>55,152,105.43</u>    |
| <u>EXPENDITURES</u>                   |                         |                             |                         |
| Current                               |                         |                             |                         |
| Instruction                           | 29,250,526.80           | 1,017,566.25                | 30,268,093.05           |
| Support Services                      |                         |                             |                         |
| Pupil Services                        | 2,033,302.51            | 41,581.49                   | 2,074,884.00            |
| Improvement of Instructional Services | 1,598,684.31            | 11,817.44                   | 1,610,501.75            |
| Educational Media Services            | 457,075.79              | 2,199.00                    | 459,274.79              |
| General Administration                | 1,205,429.67            | 38,104.26                   | 1,243,533.93            |
| School Administration                 | 3,059,110.84            | 27,379.15                   | 3,086,489.99            |
| Business Administration               | 313,632.85              | 111,666.07                  | 425,298.92              |
| Maintenance and Operation of Plant    | 3,789,678.69            | 275,363.12                  | 4,065,041.81            |
| Student Transportation Services       | 2,478,327.88            | 2,418.76                    | 2,480,746.64            |
| Central Support Services              | 184,505.69              | 438.99                      | 184,944.68              |
| Other Support Services                | 132,665.50              | -                           | 132,665.50              |
| Food Services Operation               | 3,439,239.58            | 15,248.28                   | 3,454,487.86            |
| Capital Outlay                        | -                       | 649,475.53                  | 649,475.53              |
| Total Expenditures                    | <u>47,942,180.11</u>    | <u>2,193,258.34</u>         | <u>50,135,438.45</u>    |
| Net Change in Fund Balances           | 2,773,890.02            | 2,242,776.96                | 5,016,666.98            |
| Fund Balances - Beginning (Restated)  | <u>12,876,374.36</u>    | <u>1,823,195.64</u>         | <u>14,699,570.00</u>    |
| Fund Balances - Ending                | <u>\$ 15,650,264.38</u> | <u>\$ 4,065,972.60</u>      | <u>\$ 19,716,236.98</u> |



THOMASTON-UPSON 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") \$ 5,016,666.98

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       | \$ 855,355.05         |                |
| Depreciation expense | <u>(2,546,504.50)</u> | (1,691,149.45) |

|   |  |            |
|---|--|------------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase net position. |  | 424,102.87 |
|---|--|------------|

|  |  |              |
|--|--|--------------|
| Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. |  | (421,571.98) |
|--|--|--------------|

|  |  |            |
|--|--|------------|
| Federal Funds reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. |  | 124,175.93 |
|--|--|------------|

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 | \$ (1,946,687.00)   |                |
| OPEB expense    | <u>(520,417.00)</u> | (2,467,104.00) |

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.

|                      |  |                 |
|----------------------|--|-----------------|
| Compensated absences |  | <u>4,801.47</u> |
|----------------------|--|-----------------|

|   |  |                             |
|---|--|-----------------------------|
| Change in net position of governmental activities (Exhibit "B") |  | \$ <u><u>989,921.82</u></u> |
|---|--|-----------------------------|

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

EXHIBIT "G"

PRIVATE  
PURPOSE  
TRUSTS

ASSETS

Cash and Cash Equivalents

\$ 15,669.95

LIABILITIES

Due To Other Funds

2,455.00

NET POSITION

Restricted

Individuals, Organizations, and Other Governments

\$ 13,214.95

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

EXHIBIT "H"

|                          | PRIVATE<br>PURPOSE<br>TRUSTS |
|--------------------------|------------------------------|
|                          | <hr/>                        |
| <u>ADDITIONS</u>         |                              |
| Contributions            |                              |
| Donors                   | \$ <u>9,300.00</u>           |
| <u>DEDUCTIONS</u>        |                              |
| Scholarships             | <u>10,547.53</u>             |
| Change in Net Position   | (1,247.53)                   |
| Net Position - Beginning | <u>14,462.48</u>             |
| Net Position - Ending    | \$ <u><u>13,214.95</u></u>   |

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THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

**Reporting Entity**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Basis of Presentation**

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

***Government-Wide Statements:***

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

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

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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

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

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

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

### ***Fund Financial Statements***

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.

### **Basis of Accounting**

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

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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 compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

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 funds.

### **New Accounting Pronouncements**

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

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

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions.



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Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

### Receivables

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

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

### Inventories

#### *Food Inventories*

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

### 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.

### Capital Assets

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

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

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

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

|                            | Capitalization<br>Policy | Estimated<br>Useful Life |
|----------------------------|--------------------------|--------------------------|
| Land                       | All                      | N/A                      |
| Land Improvements          | \$ 10,000.00             | 20 to 50 years           |
| Buildings and Improvements | \$ 20,000.00             | 25 to 50 years           |
| Equipment                  | \$ 5,000.00              | 5 to 50 years            |
| Intangible Assets          | \$ 200,000.00            | 5 to 50 years            |
| Construction in Progress   | All                      | N/A                      |

### Deferred Outflows/Inflows of Resources

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

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

### Compensated Absences

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

### 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

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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.

### Post-Employment Benefits Other Than Pensions (SEAD - OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Fund Balances

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

The School 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.

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

### Use of Estimates

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

### Property Taxes

The Upson County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on August 25, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on November 16, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Upson 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 \$8,865,631.99.

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

|                   |                    |
|-------------------|--------------------|
| School Operations | <u>13.73</u> mills |
|-------------------|--------------------|

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,402,297.69 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 \$4,392,275.10 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

### 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 and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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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.

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds \$100,000.00 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

**NOTE 4: DEPOSITS**

**Collateralization of Deposits**

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

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

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

### Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the School District had deposits with a carrying amount of \$17,407,933.09, and a bank balance of \$18,274,076.75. The bank balances insured by Federal depository insurance were \$337,254.76.

At June 30, 2021, \$17,936,821.99 of the School District's bank balances was in the State's Secure Deposit Program (SDP).

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

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

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NOTE 5: CAPITAL ASSETS

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

|                                | Balances<br>July 1, 2020 | Increases         | Decreases     | Balances<br>June 30, 2021 |
|--------------------------------|--------------------------|-------------------|---------------|---------------------------|
| Governmental Activities        |                          |                   |               |                           |
| Capital Assets,                |                          |                   |               |                           |
| Not Being Depreciated:         |                          |                   |               |                           |
| Land                           | \$ 451,745.96            | \$ 345,275.00     | \$ -          | \$ 797,020.96             |
| Construction in Progress       | 97,628.00                | 237,458.18        | 88,628.00     | 246,458.18                |
| Total Capital Assets           |                          |                   |               |                           |
| Not Being Depreciated          | 549,373.96               | 582,733.18        | 88,628.00     | 1,043,479.14              |
| Capital Assets,                |                          |                   |               |                           |
| Being Depreciated:             |                          |                   |               |                           |
| Buildings and Improvements     | 62,587,923.62            | 379,103.00        | -             | 62,967,026.62             |
| Equipment                      | 10,460,868.69            | 324,834.83        | 667,878.70    | 10,117,824.82             |
| Land Improvements              | 8,067,492.96             | 129,690.04        | 4,890.04      | 8,192,292.96              |
| Less Accumulated Depreciation: |                          |                   |               |                           |
| Buildings and Improvements     | 26,984,780.93            | 1,563,629.99      | -             | 28,548,410.92             |
| Equipment                      | 5,293,398.22             | 866,196.36        | 624,493.61    | 5,535,100.97              |
| Land Improvements              | 6,796,037.00             | 116,678.15        | -             | 6,912,715.15              |
| Total Capital Assets,          |                          |                   |               |                           |
| Being Depreciated, Net         | 42,042,069.12            | (1,712,876.63)    | 48,275.13     | 40,280,917.36             |
| Governmental Activities        |                          |                   |               |                           |
| Capital Assets - Net           | \$ 42,591,443.08         | \$ (1,130,143.45) | \$ 136,903.13 | \$ 41,324,396.50          |

Current year depreciation expense by function is as follows:

|                                    |                 |
|------------------------------------|-----------------|
| Instruction                        | \$ 2,151,783.53 |
| Support Services                   |                 |
| General Administration             | \$ 38,219.88    |
| Business Administration            | 2,075.10        |
| Maintenance and Operation of Plant | 29,615.03       |
| Student Transportation Services    | 281,254.47      |
| Food Services                      | 43,556.49       |
|                                    | \$ 2,546,504.50 |



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**NOTE 6: INTERFUND ASSETS AND LIABILITIES**

**Interfund Assets and Liabilities**

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

|                       | Due From<br>Other Funds | Due To<br>Other Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund          | \$ 2,455.00             | \$ -                  |
| Private Purpose Trust | -                       | 2,455.00              |
|                       | <u>\$ 2,455.00</u>      | <u>\$ 2,455.00</u>    |

The interfund balances presented are derived primarily from expenditures originally paid with general fund and to be reimbursed from private purpose fund after fiscal year.

**NOTE 7: LONG-TERM LIABILITIES**

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

|                      | Governmental Activities |               |               |                          |                        |
|----------------------|-------------------------|---------------|---------------|--------------------------|------------------------|
|                      | Balance<br>July 1, 2020 | Additions     | Deductions    | Balance<br>June 30, 2021 | Due Within<br>One Year |
| Compensated Absences | \$ 150,947.41           | \$ 154,743.60 | \$ 159,545.07 | \$ 146,145.94            | \$ 146,145.94          |

**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 related 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 used the vesting method to compute compensated absences.

**NOTE 8: RISK MANAGEMENT**

**Insurance**

***Commercial Insurance***

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

**Unemployment Compensation**

The School District is self-insured with regard to unemployment compensation claims. 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

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known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

|      | Beginning<br>of Year<br>Liability | Claims and<br>Changes in<br>Estimates | Claims<br>Paid | End of Year<br>Liability |
|------|-----------------------------------|---------------------------------------|----------------|--------------------------|
| 2020 | \$ -                              | \$ 5,110.00                           | \$ 5,110.00    | \$ -                     |
| 2021 | \$ -                              | \$ 17,922.00                          | \$ 17,922.00   | \$ -                     |

### Surety Bond

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

| Position Covered           | Amount        |
|----------------------------|---------------|
| Superintendent             | \$ 25,000.00  |
| Drivers Training Education | \$ 10,000.00  |
| All Employees              | \$ 100,000.00 |

### NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

|                                  |    |              |               |
|----------------------------------|----|--------------|---------------|
| Nonspendable                     |    |              |               |
| Inventories                      | \$ | 138,698.42   |               |
| Interfund Accounts Receivable    |    | 2,455.00     |               |
| Prepaid Assets                   |    | 40,797.89    | \$ 181,951.31 |
| <hr/>                            |    |              |               |
| Restricted                       |    |              |               |
| Bus Replacement                  | \$ | 386,100.00   |               |
| Continuation of Federal Programs |    | 936,726.83   |               |
| Capital Projects                 |    | 4,032,429.17 | 5,355,256.00  |
| <hr/>                            |    |              |               |
| Committed                        |    |              |               |
| School Activity Accounts         |    |              | 293,940.67    |
| Assigned                         |    |              |               |
| Subsequent Period Expenditures   |    |              | 1,140,415.00  |
| Unassigned                       |    |              | 12,744,674.00 |
| <hr/>                            |    |              |               |
| Fund Balance, June 30, 2021      | \$ |              | 19,716,236.98 |

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.

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

**NOTE 10: SIGNIFICANT COMMITMENTS**

**Commitments Under Construction Contracts**

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

| Project                          | Unearned<br>Executed<br>Contracts (1) | Payments<br>through<br>June 30, 2021 (2) | Funding<br>Available<br>From State (1) |
|----------------------------------|---------------------------------------|--|--|
| Kitchen Renovation - All Schools | \$ 246,402.75                         | \$ 189,658.18                            | \$ 260,750.00                          |

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

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

**Operating Leases**

The School District leases copiers and risographs 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 \$57,640.63 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<br>Activities |
|-------------|----------------------------|
| 2022        | \$ 55,582.84               |

**NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES**

**Federal Grants**

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

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Georgia School Personnel Post-Employment Health Benefit Fund**

**Plan Description:** Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment

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healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

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

**Contributions:** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$1,079,002.00 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 \$42,617,600.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the School District's proportion was 0.290159%, which was an increase of 0.003398% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the School District recognized OPEB expense of \$1,597,158.00. 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ -                                 | \$ 4,652,519.00                     |
| Changes of assumptions   | 7,048,004.00                         | 3,792,050.00                        |
| Net difference between projected and actual earnings on OPEB plan investments  | 111,078.00                           | -                                   |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 936,721.00                           | 769,094.00                          |
| School District contributions subsequent to the measurement date   | 1,079,002.00                         | -                                   |
| Total  | <u>\$ 9,174,805.00</u>               | <u>\$ 9,213,663.00</u>              |

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                | \$ (942,759.00) |
| 2023                | \$ (945,739.00) |
| 2024                | \$ (578,125.00) |
| 2025                | \$ 262,937.00   |
| 2026                | \$ 805,602.00   |
| Thereafter          | \$ 280,224.00   |

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

**OPEB:**

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

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

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

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

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

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

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

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

\*Net of Inflation

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

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***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate:*** The following presents the collective net OPEB liability of the participating employers 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<br>(1.22%) | Current Discount<br>Rate (2.22%) | 1% Increase<br>(3.22%) |
|---|------------------------|----------------------------------|------------------------|
| School District's proportionate share of the Net OPEB liability | \$ 50,068,649.00       | \$ 42,617,600.00                 | \$ 36,658,842.00       |

***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 collective net OPEB liability of the participating employers, 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<br>Cost Trend Rate | 1% Increase      |
|---|------------------|---------------------------------------|------------------|
| School District's proportionate share of the Net OPEB liability | \$ 35,483,436.00 | \$ 42,617,600.00                      | \$ 51,854,270.00 |

***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>.

### **Post-Employment Benefits Other Than Pensions (SEAD – OPEB)**

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

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



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

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

At June 30, 2021, the School District reported an asset of \$13,749.00 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB asset 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 asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2020. At June 30 2020, the School District's proportion was 0.004841%, which was an decrease of 0.001457 % from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$2,261.00. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | SEAD-OPEB                            |                                     |
|--|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ 4.00                              | \$ 128.00                           |
| Changes of assumptions   | -                                    | -                                   |
| Net difference between projected and actual earnings on OPEB plan investments  | 244.00                               | -                                   |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 3,130.00                             | -                                   |
| Total  | \$ 3,378.00                          | \$ 128.00                           |

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There were no School District contributions subsequent to the measurement date. Other amounts reported as defined outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | <u>SEAD-OPEB</u> |
|---------------------|------------------|
| 2022                | \$ 2,159.00      |
| 2023                | \$ 579.00        |
| 2024                | \$ 287.00        |
| 2025                | \$ 225.00        |
| 2026                | \$ -             |
| Thereafter          | \$ -             |

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

***SEAD – OPEB:***

|                            |  |
|----------------------------|--|
| Inflation                  | 2.75%  |
| Salary increases:          |  |
| ERS                        | 3.25% – 7.00%  |
| GJRS                       | 4.50%  |
| LRS                        | N/A  |
| Investment rate of return  | 7.30%, net of OPEB plan investment expense,<br>including inflation |
| Healthcare cost trend rate | N/A  |

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

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

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

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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

\* Rates shown are net of inflation

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

**Sensitivity of the Employer's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate:** The following presents the School District's proportionate share of the net OPEB asset calculated using the discount rate of 7.30%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

|  | 1% Decrease<br>(6.30%) | Current Discount Rate<br>(7.30%) | 1% Increase<br>(8.30%) |
|--|------------------------|----------------------------------|------------------------|
| School District's proportionate share<br>of the net OPEB liability (asset) | \$ 7,627.00            | \$ 13,749.00                     | \$ 18,797.00           |

**OPEB Plan Fiduciary Net Position:** Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS annual comprehensive financial report which is publicly available at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

### NOTE 13: RETIREMENT PLANS

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

#### **Teachers Retirement System of Georgia (TRS)**

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

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were \$4,411,041.58 from the School District.

#### **Employees' Retirement System**

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

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

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

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

**Contributions:** Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200.00, plus 6.00% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2021 was 24.66% of annual covered payroll for old plan members of which 19.91% was required from the School District and 4.75% was contributed on behalf of the School District by the state. Additionally, the School District's total required contribution rate was 24.66% for new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$14,643.97 for the current fiscal year.

### Public School Employees Retirement System (PSERS)

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

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paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$128,146.00.

***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 \$42,957,989 for its proportionate share of the net pension liability for TRS (\$42,861,551.00) and ERS (\$96,438.00).

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   | \$ 42,861,551.00        |
| State of Georgia's proportionate share of the net pension liability<br>associated with the School District | <u>7,509.00</u>         |
| Total  | <u>\$ 42,869,060.00</u> |

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

At June 30, 2020, the School District's TRS proportion was 0.176939%, which was a decrease of 0.007090% from its proportion measured as of June 30, 2019. At June 30, 2020, the School District's ERS proportion was 0.002288%, which was an a decrease of 0.000899% 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 \$756,994.00.

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.

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For the year ended June 30, 2021, the School District recognized pension expense of \$6,394,376.00 for TRS, (\$20,056.00) for ERS and \$152,333.00 for PSERS and revenue of \$2,486.00 for TRS and \$152,333.00 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                                  |                                     | ERS                                  |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ 1,866,634.00                      | \$ -                                | \$ 1,175.00                          | \$ -                                |
| Changes of assumptions   | 4,414,789.00                         | -                                   | -                                    | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                     | 1,032,328.00                         | -                                   | 1,362.00                             | -                                   |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 832,925.00                           | 2,002,041.00                        | -                                    | 33,461.00                           |
| School District contributions subsequent to the measurement date   | 4,411,041.58                         | -                                   | 14,643.97                            | -                                   |
| Total  | \$ 12,557,717.58                     | \$ 2,002,041.00                     | \$ 17,180.97                         | \$ 33,461.00                        |

The School District contributions subsequent to the measurement date for TRS and for ERS 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 Ending June 30: | TRS             | ERS            |
|----------------------|-----------------|----------------|
| 2022                 | \$ 941,992.00   | \$ (27,154.00) |
| 2023                 | \$ 2,026,977.00 | \$ (6,542.00)  |
| 2024                 | \$ 2,388,332.00 | \$ 1,581.00    |
| 2025                 | \$ 787,334.00   | \$ 1,191.00    |
| 2026                 | \$ -            | \$ -           |
| Thereafter           | \$ -            | \$ -           |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

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

***Teachers Retirement System:***

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

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

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

***Employees' Retirement System:***

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

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.



THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

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

***Public School Employees Retirement System:***

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

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

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.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

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

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

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

**Discount Rate:** The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension 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.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:*** The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.30%, 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% and 6.30%) or 1-percentage-point higher (8.25% and 8.30%) than the current rate:

| <b>Teachers Retirement System:</b>                                 | 1% Decrease<br>(6.25%) | Current Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|----------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$ 67,968,189.00       | \$ 42,861,551.00                 | \$ 22,281,307.00       |
|  |                        |                                  |                        |
| <b>Employees' Retirement System:</b>                               | 1% Decrease<br>(6.30%) | Current Discount Rate<br>(7.30%) | 1% Increase<br>(8.30%) |
| School District's proportionate share of the net pension liability | \$ 135,672.00          | \$ 96,438.00                     | \$ 62,957.00           |

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

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

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

|   |                                  |
|---|----------------------------------|
| Net Position, July 1, 2020 as previously reported                 | \$ (14,693,977.62)               |
| Prior Period Adjustment - Implementation of GASB No. 84:          |                                  |
| School Activity Accounts Reclassification                         | <u>116,273.23</u>                |
| Net Position, July 1, 2020, as restated                           | <u><u>\$ (14,577,704.39)</u></u> |
| Fund Balance (General Fund), July 1, 2020, as previously reported | \$ 12,760,101.13                 |
| Prior Period Adjustment - Implementation of GASB No. 84:          |                                  |
| School Activity Accounts Reclassification                         | <u>116,273.23</u>                |
| Fund Balance (General Fund), July 1, 2020, as restated            | <u><u>\$ 12,876,374.36</u></u>   |

Funds held for others of \$116,273.23, previously presented in the Fiduciary Funds, was reclassified to net position and fund balance (general fund).

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

EXHIBIT "I"

NOTE 15: TAX ABATEMENTS

The School District property tax revenues were reduced by \$41,324.00 under agreements entered into by Standard Textile. Standard Textile reimburses the School District on an eight-year phase in schedule. The School District received \$31,724.00 in fiscal year 2021.

NOTE 16: SPECIAL ITEMS

Special items reflect significant transactions or other events within the control of management that are unusual in nature and/or infrequent in occurrence. This activity is reflected as a special item on the Statement of Activities. For the fiscal year ended June 30, 2021, the special item included the following:

- The School District received \$472,378.00 in donated land and buildings from the Upson County Board of Commissioners. This property was transferred back to the School District under the 20-year agreements which terminated December 31, 2020. The land and buildings are more commonly known as: Matthews Field, Municipal Field, the Little League Field, and the ULHS Softball Complex. The capital assets are included in Note 5, in the land and building categories.

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

SCHEDULE "1"

| For the<br>Year<br>Ended<br>June 30 | School<br>District's<br>proportion<br>of the<br>Net Pension<br>Liability (NPL) | School District's<br>proportionate<br>share of the NPL | State of Georgia's<br>proportionate<br>share of the NPL<br>associated with<br>the School<br>District | Total            | School District's<br>covered payroll | School District's<br>proportionate<br>share of the NPL<br>as a percentage<br>of its covered<br>payroll | Plan fiduciary<br>net position<br>as a<br>percentage<br>of the total<br>pension<br>liability |
|-------------------------------------|--|--|--|------------------|--------------------------------------|--|--|
| 2021                                | 0.176939%  | \$ 42,861,551.00                                       | \$ 7,509.00  | \$ 42,869,060.00 | \$ 22,815,000.75                     | 187.87%  | 77.01%   |
| 2020                                | 0.184029%  | \$ 39,571,211.00                                       | \$ -   | \$ 39,571,211.00 | \$ 22,456,389.54                     | 176.21%  | 78.56%   |
| 2019                                | 0.176141%  | \$ 32,695,543.00                                       | \$ -   | \$ 32,695,543.00 | \$ 20,984,370.31                     | 155.81%  | 80.27%   |
| 2018                                | 0.185640%  | \$ 34,501,766.00                                       | \$ -   | \$ 34,501,766.00 | \$ 21,315,696.34                     | 161.86%  | 79.33%   |
| 2017                                | 0.191445%  | \$ 39,497,238.00                                       | \$ -   | \$ 39,497,238.00 | \$ 20,953,028.58                     | 188.50%  | 76.06%   |
| 2016                                | 0.198917%  | \$ 30,283,138.00                                       | \$ -   | \$ 30,283,138.00 | \$ 20,978,778.02                     | 144.35%  | 81.44%   |
| 2015                                | 0.204991%  | \$ 25,897,909.00                                       | \$ -   | \$ 25,897,909.00 | \$ 20,911,311.48                     | 123.85%  | 84.03%   |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

| For the Year<br>Ended June 30 | Contractually required<br>contribution | Contributions in relation<br>to the contractually<br>required contribution | Contribution deficiency<br>(excess) | School District's<br>covered payroll | Contribution as a<br>percentage of<br>covered payroll |
|-------------------------------|--|--|-------------------------------------|--------------------------------------|---|
| 2021                          | \$ 4,411,041.58                        | \$ 4,411,041.58  | \$ -                                | \$ 23,142,923.38                     | 19.06%  |
| 2020                          | \$ 4,823,091.16                        | \$ 4,823,091.16  | \$ -                                | \$ 22,815,000.75                     | 21.14%  |
| 2019                          | \$ 4,693,385.41                        | \$ 4,693,385.41  | \$ -                                | \$ 22,456,389.54                     | 20.90%  |
| 2018                          | \$ 3,527,472.65                        | \$ 3,527,472.65  | \$ -                                | \$ 20,984,370.31                     | 16.81%  |
| 2017                          | \$ 3,041,749.87                        | \$ 3,041,749.87  | \$ -                                | \$ 21,315,696.34                     | 14.27%  |
| 2016                          | \$ 2,989,997.18                        | \$ 2,989,997.18  | \$ -                                | \$ 20,953,028.58                     | 14.27%  |
| 2015                          | \$ 2,758,709.31                        | \$ 2,758,709.31  | \$ -                                | \$ 20,978,778.02                     | 13.15%  |
| 2014                          | \$ 2,567,909.05                        | \$ 2,567,909.05  | \$ -                                | \$ 20,911,311.48                     | 12.28%  |
| 2013                          | \$ 2,381,602.29                        | \$ 2,381,602.29  | \$ -                                | \$ 20,872,938.56                     | 11.41%  |
| 2012                          | \$ 2,215,924.54                        | \$ 2,215,924.54  | \$ -                                | \$ 21,555,686.19                     | 10.28%  |

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

| For the Year<br>Ended June 30 | School District's<br>proportion of the Net<br>Pension Liability (NPL) | School District's<br>proportionate share<br>of the NPL | School District's<br>covered payroll | School District's<br>proportionate share of<br>the NPL as a<br>percentage of<br>covered payroll | Plan fiduciary net<br>position as a<br>percentage of total<br>pension liability |
|-------------------------------|---|--|--------------------------------------|---|---|
| 2021                          | 0.002288%   | \$ 96,438.00   | \$ 57,678.11                         | 167.20%   | 76.21%  |
| 2020                          | 0.003187%   | \$ 131,513.00  | \$ 95,111.16                         | 138.27%   | 76.74%  |
| 2019                          | 0.004486%   | \$ 184,421.00  | \$ 114,416.08                        | 161.18%   | 76.68%  |
| 2018                          | 0.004667%   | \$ 189,543.00  | \$ 114,463.92                        | 165.59%   | 76.33%  |
| 2017                          | 0.004709%   | \$ 222,755.00  | \$ 109,486.13                        | 203.45%   | 72.34%  |
| 2016                          | 0.004418%   | \$ 178,991.00  | \$ 101,014.11                        | 177.19%   | 76.20%  |
| 2015                          | 0.002162%   | \$ 81,088.00   | \$ 48,679.50                         | 166.58%   | 77.99%  |



THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "4"

| For the Year<br>Ended June 30 | Contractually required<br>contribution | Contributions in relation<br>to the contractually<br>required contribution | Contribution deficiency<br>(excess) | School District's<br>covered payroll | Contribution as a<br>percentage of<br>covered payroll |
|-------------------------------|--|--|-------------------------------------|--------------------------------------|---|
| 2021                          | \$ 14,643.97                           | \$ 14,643.97   | \$ -                                | \$ 59,383.71                         | 24.66%  |
| 2020                          | \$ 14,223.39                           | \$ 14,223.39   | \$ -                                | \$ 57,678.11                         | 24.66%  |
| 2019                          | \$ 23,566.49                           | \$ 23,566.49   | \$ -                                | \$ 95,111.16                         | 24.78%  |
| 2018                          | \$ 28,386.64                           | \$ 28,386.64   | \$ -                                | \$ 114,416.08                        | 24.81%  |
| 2017                          | \$ 28,398.46                           | \$ 28,398.46   | \$ -                                | \$ 114,463.92                        | 24.81%  |
| 2016                          | \$ 27,065.02                           | \$ 27,065.02   | \$ -                                | \$ 109,486.13                        | 24.72%  |
| 2015                          | \$ 22,182.70                           | \$ 22,182.70   | \$ -                                | \$ 101,014.11                        | 21.96%  |
| 2014                          | \$ 8,986.30                            | \$ 8,986.30  | \$ -                                | \$ 48,679.50                         | 18.46%  |
| 2013                          | \$ 6,969.24                            | \$ 6,969.24  | \$ -                                | \$ 46,773.68                         | 14.90%  |
| 2012                          | \$ 5,235.46                            | \$ 5,235.46  | \$ -                                | \$ 45,011.72                         | 11.63%  |

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

SCHEDULE "5"

| For the<br>Year<br>Ended<br>June 30 | School<br>District's<br>proportion of<br>the Net<br>Pension<br>Liability (NPL) | School District's<br>proportionate<br>share of the NPL | State of Georgia's<br>proportionate<br>share of the NPL<br>associated with<br>the School District | Total         | School District's<br>covered payroll | School District's<br>proportionate<br>share of the NPL<br>as a percentage<br>of its covered<br>payroll | Plan fiduciary<br>net position as<br>a percentage<br>of the total<br>pension<br>liability |
|-------------------------------------|--|--|---|---------------|--------------------------------------|--|---|
| 2021                                | 0.00%  | \$ -   | \$ 756,994.00   | \$ 756,994.00 | \$ 1,923,862.41                      | N/A  | 84.45%  |
| 2020                                | 0.00%  | \$ -   | \$ 696,711.00   | \$ 696,711.00 | \$ 1,576,547.99                      | N/A  | 85.02%  |
| 2019                                | 0.00%  | \$ -   | \$ 669,127.00   | \$ 669,127.00 | \$ 1,513,604.79                      | N/A  | 85.26%  |
| 2018                                | 0.00%  | \$ -   | \$ 608,559.00   | \$ 608,559.00 | \$ 1,539,671.66                      | N/A  | 85.69%  |
| 2017                                | 0.00%  | \$ -   | \$ 773,187.00   | \$ 773,187.00 | \$ 1,583,839.04                      | N/A  | 81.00%  |
| 2016                                | 0.00%  | \$ -   | \$ 523,617.00   | \$ 523,617.00 | \$ 1,543,478.79                      | N/A  | 87.00%  |
| 2015                                | 0.00%  | \$ -   | \$ 449,299.00   | \$ 449,299.00 | \$ 1,536,388.00                      | N/A  | 88.29%  |

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

SCHEDULE "6"

| For the<br>Year<br>Ended<br>June 30 | School<br>District's<br>proportion of<br>the Net OPEB<br>Liability (NOL) | School District's<br>proportionate<br>share of the NOL | State of<br>Georgia's<br>proportionate<br>share of the NOL<br>associated with<br>the School<br>District | Total            | School District's<br>covered-<br>employee payroll | School District's<br>proportionate<br>share of the<br>NOL as a<br>percentage of<br>its covered-<br>employee<br>payroll | Plan fiduciary<br>net position<br>as a<br>percentage<br>of the total<br>OPEB liability |
|-------------------------------------|--|--|---|------------------|---|--|--|
| 2021                                | 0.290159%  | \$ 42,617,600.00                                       | \$ -  | \$ 42,617,600.00 | \$ 22,843,069.90                                  | 186.57%  | 3.99%  |
| 2020                                | 0.286761%  | \$ 35,191,727.00                                       | \$ -  | \$ 35,191,727.00 | \$ 22,364,222.54                                  | 157.36%  | 4.63%  |
| 2019                                | 0.282988%  | \$ 35,966,906.00                                       | \$ -  | \$ 35,966,906.00 | \$ 20,876,189.48                                  | 172.29%  | 2.93%  |
| 2018                                | 0.281563%  | \$ 39,559,489.00                                       | \$ -  | \$ 39,559,489.00 | \$ 20,530,328.80                                  | 192.69%  | 1.61%  |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
SCHOOL OPEB FUND

SCHEDULE "7"

| For the Year<br>Ended June 30 | Contractually required<br>contribution | Contributions in relation<br>to the contractually<br>required contribution | Contribution deficiency<br>(excess) | School District's<br>covered-employee<br>payroll | Contribution as a<br>percentage of<br>covered-employee<br>payroll |
|-------------------------------|--|--|-------------------------------------|--|---|
| 2021                          | \$ 1,079,002.00                        | \$ 1,079,002.00  | \$ -                                | \$ 24,535,283.44                                 | 4.40%   |
| 2020                          | \$ 981,249.00                          | \$ 981,249.00  | \$ -                                | \$ 22,843,069.90                                 | 4.30%   |
| 2019                          | \$ 1,544,401.00                        | \$ 1,544,401.00  | \$ -                                | \$ 22,364,222.54                                 | 6.91%   |
| 2018                          | \$ 1,466,700.00                        | \$ 1,466,700.00  | \$ -                                | \$ 20,876,189.48                                 | 7.03%   |
| 2017                          | \$ 1,468,092.00                        | \$ 1,468,092.00  | \$ -                                | \$ 20,530,328.80                                 | 7.15%   |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB ASSET  
SEAD-OPEB

SCHEDULE "8"

| For the<br>Year<br>Ended June<br>30 | School<br>District's<br>proportion of<br>the Net OPEB<br>Asset | School District's<br>proportionate<br>share of the Net<br>OPEB Asset | State of Georgia's<br>proportionate<br>share of the net<br>OPEB liability<br>associated with<br>the School District | Total        | School District's<br>covered-<br>employee payroll | School District's<br>proportionate<br>share of the NOL<br>as a percentage<br>of its covered-<br>employee payroll | Plan fiduciary<br>net position<br>as a<br>percentage of<br>the total<br>OPEB liability |
|-------------------------------------|--|--|---|--------------|---|--|--|
| 2021                                | 0.004841%  | \$ 13,749.00   | \$ -  | \$ 13,749.00 | \$ 57,678.11                                      | 23.84%   | 129.20%  |
| 2020                                | 0.006298%  | \$ 17,809.00   | \$ -  | \$ 17,809.00 | \$ 95,111.16                                      | 18.72%   | 129.73%  |
| 2019                                | 0.008625%  | \$ 22,369.00   | \$ -  | \$ 22,369.00 | \$ 114,416.08                                     | 19.55%   | 129.46%  |
| 2018                                | 0.007860%  | \$ 20,429.00   | \$ -  | \$ 20,429.00 | \$ 114,463.92                                     | 17.85%   | 130.17%  |

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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
SEAD-OPEB

SCHEDULE "9"

| For the Year<br>Ended June 30 | Contractually required<br>contribution | Contributions in relation to<br>the contractually required<br>contribution | Contribution deficiency<br>(excess) | School District's<br>covered-employee<br>payroll | Contribution as a<br>percentage of<br>covered-employee<br>payroll |
|-------------------------------|--|--|-------------------------------------|--|---|
| 2021                          | \$ -                                   | \$ -   | \$ -                                | \$ 59,383.71                                     | 0.00%   |
| 2020                          | \$ -                                   | \$ -   | \$ -                                | \$ 57,678.11                                     | 0.00%   |
| 2019                          | \$ -                                   | \$ -   | \$ -                                | \$ 95,111.16                                     | 0.00%   |
| 2018                          | \$ -                                   | \$ -   | \$ -                                | \$ 114,416.08                                    | 0.00%   |
| 2017                          | \$ -                                   | \$ -   | \$ -                                | \$ 114,463.92                                    | 0.00%   |

**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.

**Employees' Retirement System**

**Changes of benefit terms:** A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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

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

**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.

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

SCHEDULE "10"

**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.

**SEAD-OPEB Employer**

***Changes of assumptions:*** On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. 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 the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and 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 the June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.



## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

|  | NONAPPROPRIATED BUDGETS |                  | ACTUAL           | VARIANCE        |
|--|-------------------------|------------------|------------------|-----------------|
|  | ORIGINAL (1)            | FINAL (1)        | AMOUNTS          | OVER/UNDER      |
| <b>REVENUES</b>                              |                         |                  |                  |                 |
| Property Taxes                               | \$ 9,688,542.00         | \$ 9,688,542.00  | \$ 10,279,651.45 | \$ 591,109.45   |
| Sales Taxes                                  | 100,000.00              | 100,000.00       | 230,264.60       | 130,264.60      |
| State Funds                                  | 27,771,743.80           | 29,607,980.80    | 29,566,381.14    | (41,599.66)     |
| Federal Funds                                | 6,539,305.00            | 14,882,744.00    | 9,336,119.41     | (5,546,624.59)  |
| Charges for Services                         | 113,000.00              | 115,728.00       | 306,742.18       | 191,014.18      |
| Investment Earnings                          | 163,200.00              | 163,200.00       | 216,708.25       | 53,508.25       |
| Miscellaneous                                | 289,700.00              | 314,700.00       | 780,203.10       | 465,503.10      |
| Total Revenues                               | 44,665,490.80           | 54,872,894.80    | 50,716,070.13    | (4,156,824.67)  |
| <b>EXPENDITURES</b>                          |                         |                  |                  |                 |
| Current                                      |                         |                  |                  |                 |
| Instruction                                  | 29,528,547.80           | 33,521,604.80    | 29,250,526.80    | 4,271,078.00    |
| Support Services                             |                         |                  |                  |                 |
| Pupil Services                               | 1,823,651.00            | 2,052,845.00     | 2,033,302.51     | 19,542.49       |
| Improvement of Instructional Services        | 1,389,285.00            | 1,704,924.00     | 1,598,684.31     | 106,239.69      |
| Educational Media Services                   | 560,344.00              | 565,156.00       | 457,075.79       | 108,080.21      |
| General Administration                       | 1,254,321.00            | 2,083,583.00     | 1,205,429.67     | 878,153.33      |
| School Administration                        | 2,912,712.00            | 3,015,853.00     | 3,059,110.84     | (43,257.84)     |
| Business Administration                      | 327,009.00              | 335,497.00       | 313,632.85       | 21,864.15       |
| Maintenance and Operation of Plant           | 3,694,095.00            | 4,281,315.00     | 3,789,678.69     | 491,636.31      |
| Student Transportation Services              | 3,099,123.00            | 5,546,815.00     | 2,478,327.88     | 3,068,487.12    |
| Central Support Services                     | 184,199.00              | 188,981.00       | 184,505.69       | 4,475.31        |
| Other Support Services                       | 137,733.00              | 137,733.00       | 132,665.50       | 5,067.50        |
| Food Services Operation                      | 3,573,150.00            | 3,755,572.00     | 3,439,239.58     | 316,332.42      |
| Total Expenditures                           | 48,484,169.80           | 57,189,878.80    | 47,942,180.11    | 9,247,698.69    |
| Excess of Revenues over (under) Expenditures | (3,818,679.00)          | (2,316,984.00)   | 2,773,890.02     | 5,090,874.02    |
| <b>OTHER FINANCING SOURCES(USES)</b>         |                         |                  |                  |                 |
| Operating Transfer from Other Funds          | 1,283,938.00            | 459,220.00       | -                | (459,220.00)    |
| Other Sources                                | 75,000.00               | 75,000.00        | -                | (75,000.00)     |
| Operating Transfers to Other Funds           | (1,283,938.00)          | (459,220.00)     | -                | 459,220.00      |
| Total Other Financing Sources (Uses)         | 75,000.00               | 75,000.00        | -                | (75,000.00)     |
| Net Change in Fund Balances                  | (3,743,679.00)          | (2,241,984.00)   | 2,773,890.02     | 5,015,874.02    |
| Fund Balances - Beginning (Restated)         | 12,954,304.26           | 13,056,647.05    | 12,876,374.36    | (180,272.69)    |
| Adjustments                                  | 79,259.32               | 56,378.12        | -                | (56,378.12)     |
| Fund Balances - Ending                       | \$ 9,289,884.58         | \$ 10,871,041.17 | \$ 15,650,264.38 | \$ 4,779,223.21 |

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

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

The actual revenues and expenditures of the various principal accounts are \$697,059.06 and \$640,772.50, respectively.

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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

SCHEDULE "12"

| FUNDING AGENCY<br>PROGRAM/GRANT                                  | ASSISTANCE<br>LISTING<br>NUMBER | PASS-<br>THROUGH<br>ENTITY<br>ID<br>NUMBER | EXPENDITURES<br>IN PERIOD |
|--|---------------------------------|--|---------------------------|
| Agriculture, U. S. Department of                                 |                                 |  |                           |
| Child Nutrition Cluster  |                                 |  |                           |
| Pass-Through From Georgia Department of Education                |                                 |  |                           |
| Food Services  |                                 |  |                           |
| School Breakfast Program   | 10.553                          | 215GA324N199                               | \$ 1,073,944.50           |
| National School Lunch Program                                    | 10.555                          | 215GA324N199                               | 1,935,972.67              |
| Total Child Nutrition Cluster                                    |                                 |  | <u>3,009,917.17</u>       |
| Other Programs   |                                 |  |                           |
| Pass-Through From Georgia Department of Education                |                                 |  |                           |
| Food Services  |                                 |  |                           |
| State Administrative Expenses for Child Nutrition                | 10.560                          | 205GA904N2533                              | 2,572.38                  |
| Total U. S. Department of Agriculture                            |                                 |  | <u>3,012,489.55</u>       |
| Education, U. S. Department of                                   |                                 |  |                           |
| Education Stabilization Fund                                     |                                 |  |                           |
| Pass-Through From Georgia Department of Education                |                                 |  |                           |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D                         | S425D200012                                | 1,306,350.09              |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D                         | S425D210012                                | 972,064.79                |
| COVID-19 - American Rescue Plan Elementary and Secondary School  |                                 |  |                           |
| Emergency Relief Fund  | 84.425U                         | S425U210012                                | 620,752.00                |
| Total Education Stabilization Fund                               |                                 |  | <u>2,899,166.88</u>       |
| Special Education Cluster  |                                 |  |                           |
| Pass-Through From Georgia Department of Education                |                                 |  |                           |
| Special Education  |                                 |  |                           |
| Grants to States   | 84.027A                         | H027A190073                                | 990,036.00                |
| Preschool Grants   | 84.173A                         | H173A200081                                | 24,147.00                 |
| Total Special Education Cluster                                  |                                 |  | <u>1,014,183.00</u>       |
| Other Programs   |                                 |  |                           |
| Pass-Through From Georgia Department of Education                |                                 |  |                           |
| Career and Technical Education - Basic Grants to States          | 84.048A                         | V048A210010                                | 65,494.04                 |
| Rural Education  | 84.358B                         | S358B200010                                | 47,050.00                 |
| Rural Education  | 84.358B                         | S358B210010                                | 76,757.09                 |
| Student Support and Academic Enrichment Program                  | 84.424A                         | S424A210011                                | 136,286.00                |
| Supporting Effective Instruction State Grants                    | 84.367A                         | S367A200001                                | 220,334.00                |
| Title I Grants to Local Educational Agencies                     | 84.010A                         | S010A200010                                | 315,116.00                |
| Title I Grants to Local Educational Agencies                     | 84.010A                         | S010A210010                                | 1,875,315.24              |
| Total Other Programs   |                                 |  | <u>2,736,352.37</u>       |
| Total U. S. Department of Education                              |                                 |  | <u>6,649,702.25</u>       |

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

SCHEDULE "12"

| FUNDING AGENCY<br>PROGRAM/GRANT   | ASSISTANCE<br>LISTING<br>NUMBER | PASS-<br>THROUGH<br>ENTITY<br>ID<br>NUMBER | EXPENDITURES<br>IN PERIOD |
|---|---------------------------------|--|---------------------------|
| Treasury, U.S. Department of the<br>Pass-Through From Bright from the Start<br>COVID-19 - State and Local Fiscal Recovery Funds | 21.017                          |  | 12,174.00                 |
| Defense, U. S. Department of<br>Direct<br>Department of the Air Force<br>R.O.T.C. Program                                       | 12. UNKNOWN                     |  | 141,189.92                |
| Total Expenditures of Federal Awards  |                                 |  | \$ 9,815,555.72           |

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 Thomaston-Upson 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 \$4,450.00 to the Thomaston-Upson 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.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION  
SCHEDULE OF STATE REVENUE  
YEAR ENDED JUNE 30, 2021

SCHEDULE "13"

| AGENCY/FUNDING   | GOVERNMENTAL |               |
|--|--------------|---------------|
|  | FUND TYPE    |               |
|  | GENERAL      |               |
|  | FUND         |               |
| GRANTS   |              |               |
| Bright From the Start:                                     |              |               |
| Georgia Department of Early Care and Learning              |              |               |
| Pre-Kindergarten Program                                   | \$           | 595,839.60    |
| Education, Georgia Department of                           |              |               |
| Quality Basic Education                                    |              |               |
| Direct Instructional Cost                                  |              |               |
| Kindergarten Program                                       |              | 675,246.00    |
| Kindergarten Program - Early Intervention Program          |              | 993,686.00    |
| Primary Grades (1-3) Program                               |              | 932,078.00    |
| Primary Grades - Early Intervention (1-3) Program          |              | 3,436,065.00  |
| Upper Elementary Grades (4-5) Program                      |              | 793,120.00    |
| Upper Elementary Grades - Early Intervention (4-5) Program |              | 1,662,543.00  |
| Middle School (6-8) Program                                |              | 2,513,006.00  |
| High School General Education (9-12) Program               |              | 1,945,659.00  |
| Vocational Laboratory (9-12) Program                       |              | 1,227,464.00  |
| Students with Disabilities                                 |              | 4,841,762.00  |
| Gifted Student - Category VI                               |              | 690,947.00    |
| Remedial Education Program                                 |              | 752,805.00    |
| Alternative Education Program                              |              | 186,033.00    |
| English Speakers of Other Languages (ESOL)                 |              | 47,055.00     |
| Media Center Program                                       |              | 474,790.00    |
| 20 Days Additional Instruction                             |              | 144,655.00    |
| Staff and Professional Development                         |              | 98,432.00     |
| Principal Staff and Professional Development               |              | 1,188.00      |
| Indirect Cost  |              |               |
| Central Administration                                     |              | 628,149.00    |
| School Administration                                      |              | 848,075.00    |
| Facility Maintenance and Operations                        |              | 1,040,086.00  |
| Mid-term Adjustment Hold-Harmless                          |              | 66,913.00     |
| Amended Formula Adjustment                                 |              | (780,045.00)  |
| Categorical Grants   |              |               |
| Pupil Transportation                                       |              |               |
| Regular  |              | 648,337.00    |
| Bus Replacement  |              | 386,100.00    |
| Nursing Services   |              | 84,376.00     |
| Education Equalization Funding Grant                       |              | 4,176,797.00  |
| Other State Programs                                       |              |               |
| Food Services  |              | 79,702.00     |
| Hygiene Products   |              | 2,424.00      |
| Math and Science Supplements                               |              | 19,315.00     |
| Preschool Disability Services                              |              | 82,385.00     |
| Vocational Education                                       |              | 72,510.91     |
| Georgia Emergency Management Agency                        |              |               |
| Donations to LEA for COVID                                 |              | 32,601.83     |
| Office of the State Treasurer                              |              |               |
| Public School Employees Retirement                         |              | 128,146.00    |
| CONTRACT   |              |               |
| Education, Georgia Department of                           |              |               |
| Second Step Social - Emotional Learning                    |              | 38,134.80     |
|  | \$           | 29,566,381.14 |

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

SCHEDULE "12"

| PROJECT   | ORIGINAL<br>ESTIMATED<br>COST (1) | CURRENT<br>ESTIMATED<br>COSTS (2) | ESTIMATED<br>COMPLETION<br>DATE |
|---|-----------------------------------|-----------------------------------|---------------------------------|
| SPLOST #4   |                                   |                                   |                                 |
| (i) Acquiring maintenance vehicles, maintenance equipment, and new buses;   | \$ 600,000.00                     | \$ 678,202.28                     | Completed                       |
| (ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;  | 1,000,000.00                      | 7,738,296.86                      | Completed                       |
| (iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;  | 200,000.00                        | 1,538,441.56                      | Completed                       |
| (iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school wide HVAC updates to include the ULMS sixth grade facility; and                          | 13,180,000.00                     | 5,445,603.31                      | Completed                       |
| (v) Paying expenses incident to accomplishing the foregoing.  | 20,000.00                         | 17,793.90                         | Completed                       |
| Subtotal SPLOST #4 Projects   | 15,000,000.00                     | 15,418,337.91                     |                                 |
| SPLOST #5   |                                   |                                   |                                 |
| (i) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;  | 750,000.00                        | 750,000.00                        | 06/2024                         |
| (ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;  | 3,950,000.00                      | 3,950,000.00                      | 06/2024                         |
| (iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;  | 1,000,000.00                      | 1,000,000.00                      | 06/2024                         |
| (iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school wide HVAC updates; and enclosing open-air walkways for safety and security purposes; and | 9,291,469.00                      | 9,291,469.00                      | 06/2024                         |
| (v) Paying expenses incident to accomplishing the foregoing.  | 8,531.00                          | 8,531.00                          | Completed                       |
| Subtotal SPLOST #5 Projects   | 15,000,000.00                     | 15,000,000.00                     |                                 |
| Total   | \$ 30,000,000.00                  | \$ 30,418,337.91                  |                                 |

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

SCHEDULE "12"

| PROJECT   | AMOUNT<br>EXPENDED<br>IN CURRENT<br>YEAR (3) | AMOUNT<br>EXPENDED<br>IN PRIOR<br>YEARS (3) | TOTAL<br>COMPLETION<br>COST | EXCESS<br>PROCEEDS NOT<br>EXPENDED |
|---|--|---|-----------------------------|------------------------------------|
| SPLOST #4   |  |   |                             |                                    |
| (i) Acquiring maintenance vehicles, maintenance equipment, and new buses;   | \$ -   | \$ 678,202.28                               | \$ 678,202.28               | \$ -                               |
| (ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;  | 759,106.31                                   | 6,979,190.55                                | 7,738,296.86                | -                                  |
| (iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;  | 13,364.65                                    | 1,525,076.91                                | 1,538,441.56                | -                                  |
| (iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school wide HVAC updates to include the ULMS sixth grade facility; and                          | 97,268.93                                    | 5,348,334.38                                | 5,445,603.31                | -                                  |
| (v) Paying expenses incident to accomplishing the foregoing.  | -  | 17,793.90                                   | 17,793.90                   | -                                  |
| Subtotal SPLOST #4 Projects   | 869,739.89                                   | 14,548,598.02                               | 15,418,337.91               | -                                  |
| SPLOST #5   |  |   |                             |                                    |
| (i) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;  | -  | -   | -                           | -                                  |
| (ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;  | 590,113.76                                   | -   | -                           | -                                  |
| (iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;  | 50,299.32                                    | 1,166.38                                    | -                           | -                                  |
| (iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school wide HVAC updates; and enclosing open-air walkways for safety and security purposes; and | 683,105.37                                   | -   | -                           | -                                  |
| (v) Paying expenses incident to accomplishing the foregoing.  | -  | 8,531.00                                    | 8,531.00                    | -                                  |
| Subtotal SPLOST #5 Projects   | 1,323,518.45                                 | 9,697.38                                    | 8,531.00                    | -                                  |
| Total   | \$ 2,193,258.34                              | \$ 14,558,295.40                            | \$ 15,426,868.91            | \$ -                               |

(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 Upson 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.

## **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  
Dr. Larry Derico, Superintendent and Members of the  
Thomaston-Upson County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Thomaston-Upson 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 August 16, 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 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin  
State Auditor

August 16, 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  
Dr. Larry Derico, Superintendent and Members of the  
Thomaston-Upsen County Board of Education

### Report on Compliance for Each Major Federal Program

We have audited the Thomaston-Upsen 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

August 16, 2022

### **Section III**

#### **Auditee's Response to Prior Year Findings and Questioned Costs**

THOMASTON-UPSON 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**

THOMASTON-UPSON 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:<br>Governmental Activities, Each Major Fund, and<br>Fiduciary Activities | 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<br>accordance with 2 CFR 200.516(a)? | No |
|---|----|

Identification of major programs:

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

|  |              |
|--|--------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000.00 |
|--|--------------|

|  |     |
|--|-----|
| 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.