



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

Lamar County Board of Education Barnesville, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Lamar County Board of Education

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Lamar County Board of Education

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Section I

Financial



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. Jute Wilson, Superintendent and Members of the
Lamar County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 February 3, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

February 3, 2023

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

INTRODUCTION

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

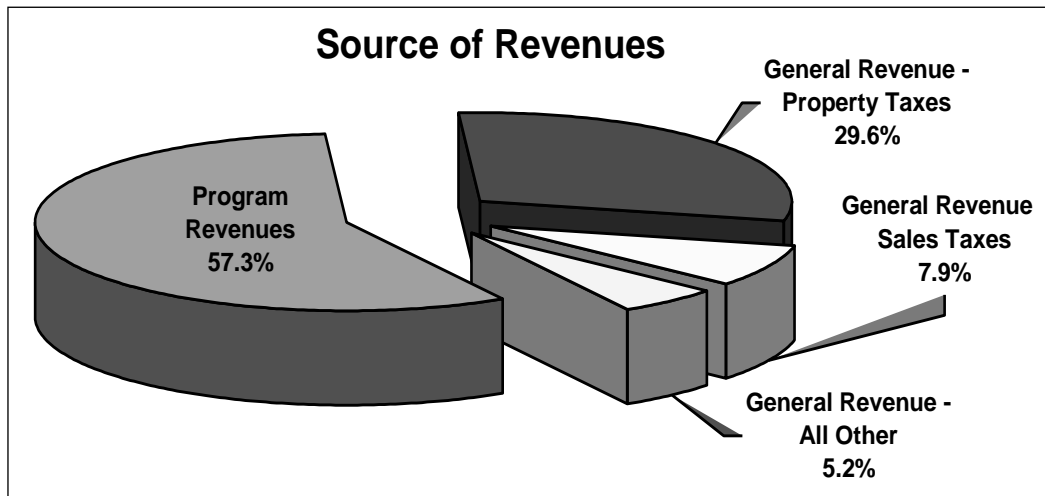
FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

On the Government-wide financial statements:

- The School District's net position at June 30, 2021 was over \$2.8 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred outflows and inflows of resources. The net position at June 30, 2021 of \$2.8 million represented an increase of about \$2.6 million when compared to the prior year. This increase occurred primarily because in the prior year the School District was required to record a loss of about \$2.3 million in demolishing the old high school and a similar cost was not required in fiscal year 2021.
- 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 for all state and local governments. Due to this adoption, the School District restated beginning net position and beginning fund balance for the general fund for the cumulative effect of this accounting change in the amount of \$46,646.47. The School District no longer has any fiduciary funds or fiduciary fund statements.
- The School District had \$32.0 million in expenses relating to governmental activities; about \$19.8 million of the \$32.0 million in expenses were offset by program specific charges for services, grants and contributions. General and special item revenues (primarily property and sales taxes) of about \$14.7 million were adequate to provide for funding for these programs during fiscal year 2021.
- As stated above, general and special item revenues accounted for about \$14.7 million or 42.7% of all revenues totaling almost \$34.5 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in table below have been rounded to one decimal place.)

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



On the fund financial statements:

- Among major funds, the general fund had \$30.8 million in revenues and \$28.0 million in expenditures. The general fund balance of \$5.1 million at June 30, 2021 increased about \$2.7 million from the prior year, without consideration of the restatement. This increase occurred primarily because School District expenditures in the general fund for fiscal year 2021 were about \$1.3 million less than the prior year. Additionally, no general fund monies were necessary in fiscal year 2021 to supplement capital outlay construction as they were in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds – All 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 all other financial assets that can be readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

In the case of the Lamar County School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by over \$2.8 million at June 30, 2021. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the \$2.8 million in net position, \$5.6 million was restricted for continuation of various sponsored, state and Federal programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had \$36.6 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District.

Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

Because of the restrictions on net position as discussed above, the School District had an unrestricted (deficit) of almost \$39.4 million at June 30, 2021. The reader should remember this deficit includes pension related charges recorded because of the implementation (fiscal year 2015) of GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date on Amendment to GASB No. 68*; and also includes charges recorded because of the implementation (fiscal year 2018) of GASB Statement 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*. The School District believes it is also meaningful to view the School District's net position in the following manner:

Net position associated with pension obligations	\$ (19,935,940.00)
Net position associated with postemployment benefits other than pension obligations	(23,288,173.00)
Net position exclusive of pension obligations and postemployment benefits	<u>46,058,027.16</u>
Net Position, June 30, 2021	\$ <u><u>2,833,914.16</u></u>

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

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

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

Table 1
Net Position

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2021	2020 (1)
Assets		
Current and Other Assets	\$ 13,363,347	\$ 10,377,247
Capital Assets, Net	61,411,126	62,186,866
Total Assets	<u>74,774,473</u>	<u>72,564,113</u>
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	7,182,342	6,582,866
Related to OPEB Plan	5,417,196	1,210,087
Total Deferred Outflows of Resources	<u>12,599,538</u>	<u>7,792,953</u>
Total Assets and Deferred Outflows of Resources	<u>87,374,011</u>	<u>80,357,066</u>
Liabilities		
Current and Other Liabilities	3,053,600	4,027,641
Long-Term Liabilities	25,662,846	26,670,344
Net Pension Liability	26,516,529	23,596,097
Net OPEB Liability	23,117,366	18,366,247
Total Liabilities	<u>78,350,341</u>	<u>72,660,329</u>
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	601,753	1,568,971
Related to OPEB Plan	5,588,003	5,851,650
Total Deferred Inflows of Resources	<u>6,189,756</u>	<u>7,420,621</u>
Total Liabilities and Deferred Inflows of Resources	<u>84,540,097</u>	<u>80,080,950</u>
Net Position		
Net Invested in Capital Assets	36,574,466	35,770,129
Restricted	5,649,746	4,690,810
Unrestricted (Deficit)	<u>(39,390,298)</u>	<u>(40,184,823)</u>
Total Net Position	<u>\$ 2,833,914</u>	<u>\$ 276,116</u>

(1) Fiscal Year 2020 balances do not reflect the effects of the restatement of net position.

See Note 15 in the Notes to the Basic Financial Statements for additional information.

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

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

Total unrestricted net position (deficit)	\$ (39,390,297.97)
Less:	
Unrestricted deficit in net position resulting from recognition of net pension obligations	(19,935,940.00)
Unrestricted deficit in net positions resulting from recognition of postemployment benefits other than pension obligations	<u>(23,288,173.00)</u>
Unrestricted net position, exclusive of the net pension obligation and postemployment benefits effect	<u>\$ 3,833,815.03</u>

The above analysis reflects, except for pension obligations and postemployment benefits, the School District's unrestricted net position is \$3.8 million. Despite the deficit unrestricted net position caused by implementation of GASB No. 68 and GASB No. 75, management believes the School District's financial position is sound.

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

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

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2021	2020 (1)
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 219,798	\$ 336,260
Operating Grants and Contributions	18,956,872	18,565,746
Capital Grants and Contributions	577,110	1,162,262
Total Program Revenues	<u>19,753,780</u>	<u>20,064,268</u>
General Revenues:		
Property Taxes	10,209,711	9,447,054
Sales Taxes	2,735,886	2,153,638
Grants and Contributions not Restricted to Specific Programs	800,812	512,734
Investment Earnings	2,009	54,474
Miscellaneous	541,927	667,898
Special Items		
Legal Settlement Agreement	453,102	-
Loss on Disposal of Assets	-	(2,268,829)
Total General Revenues and Special Items	<u>14,743,447</u>	<u>10,566,969</u>
Total Revenues	<u>34,497,227</u>	<u>30,631,237</u>
Program Expenses		
Instruction	20,248,493	19,567,224
Support Services		
Pupil Services	1,469,079	1,572,954
Improvement of Instructional Services	756,082	656,298
Educational Media Services	469,509	491,007
General Administration	862,995	780,192
School Administration	1,719,322	1,866,678
Business Administration	380,455	413,295
Maintenance and Operation of Plant	2,119,459	2,217,626
Student Transportation Services	1,400,426	1,304,650
Central Support	288,638	273,378
Other Support Services	255,280	245,619
Operations of Non-Instructional Services		
Community Services	26,914	17,876
Food Services	1,194,923	1,388,104
Interest on Long-Term Debt	794,501	818,411
Total Expenses	<u>31,986,076</u>	<u>31,613,312</u>
Increase (Decrease) in Net Position	<u>\$ 2,511,151</u>	<u>\$ (982,075)</u>

(1) Fiscal year 2020 balances do not reflect the effects of the Restatement of Net Position.
See Note 15 in the Notes to the Basic Financial Statements.

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

Cost of Providing Services

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020 (1)	Fiscal Year 2021	Fiscal Year 2020 (1)
Instruction	\$ 20,248,493	\$ 19,567,224	\$ 6,475,579	\$ 5,055,479
Support Services				
Pupil Services	1,469,079	1,572,954	1,143,870	1,311,267
Improvement of Instructional Services	756,082	656,298	405,859	340,309
Educational Media Services	469,509	491,007	85,706	88,683
General Administration	862,995	780,192	289,864	13,456
School Administration	1,719,322	1,866,678	742,737	837,407
Business Administration	380,455	413,295	330,674	396,327
Maintenance and Operation of Plant	2,119,459	2,217,626	978,302	1,265,904
Student Transportation Services	1,400,426	1,304,650	652,767	814,093
Central Support Services	288,638	273,378	284,294	268,137
Other Support Services	255,280	245,619	255,326	244,256
Operations of Non-Instructional Services				
Community Services	26,914	17,876	26,914	17,876
Food Services	1,194,923	1,388,104	(151,020)	160,115
Interest on Long-Term Debt	794,501	818,411	711,423	735,735
Total Expenses	<u>\$ 31,986,076</u>	<u>\$ 31,613,312</u>	<u>\$ 12,232,295</u>	<u>\$ 11,549,044</u>

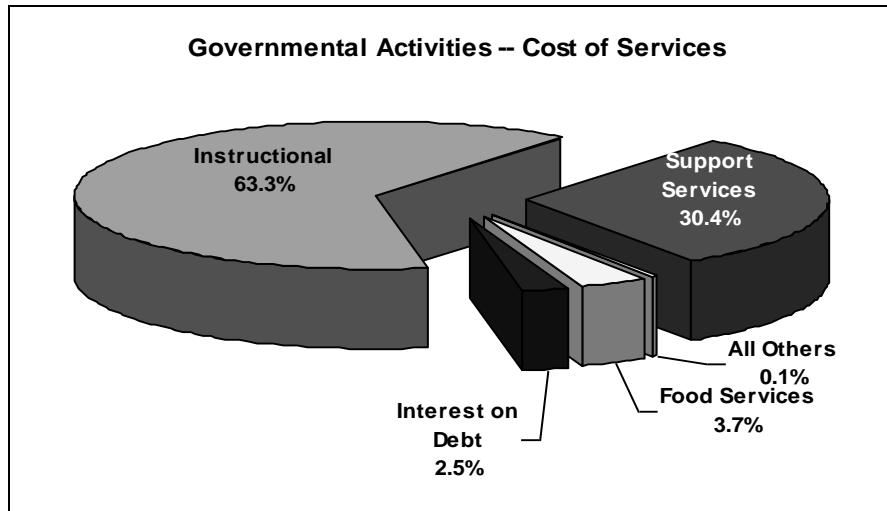
(1) Fiscal year 2020 balances do not reflect the effects of the Restatement of Net Position.

See Note 15 in the Notes to the Basic Financial Statements.

Overall School District expenses increased very marginally as did the net costs of providing services. This situation occurred primarily because expenses increased marginally and program revenues decreased marginally when compared to the prior year.

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

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



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$34.8 million and total expenditures of \$30.8 million in fiscal year 2021. Total governmental revenues exceeded expenditures by over \$4.0 million. This situation occurred primarily because the School District's governmental fund expenditures decreased by about \$4.3 million from the prior year, mainly because construction of the new high school was completed in the prior year and no similar recurring costs were necessary fiscal year 2021.

General Fund Budget Highlights

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

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

For the general fund, the final actual revenues of \$30.8 million exceeded the final budgeted revenues by over \$4.9 million. This situation resulted primarily because revenues for State funds exceeded the final budget by over \$1.9 million and revenues for Federal funds exceed the final budget by about \$1.7 million. Additionally, the School District did not budget revenues for its principal's accounts and various local, state and federal funds which are included as a part of the general fund for financial statement purposes.

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

The general fund's final actual expenditures of almost \$28.0 million were less than the final budgeted amount by almost \$3.6 million. This under expenditure of the budget occurred primarily because expenditures for instruction were \$2.2 million less than the final budget, expenditures for school administration were \$0.3 million less than the final budget, and expenditures for maintenance and operation were \$0.4 million less than the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2021, the School District had \$61.4 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and instructional; food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation and amortization, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2021	2020
Land	\$ 1,063,575	\$ 879,428
Construction in Progress	234,000	-
Land Improvements	437,214	457,080
Buildings and Improvements	57,647,659	58,858,378
Equipment	2,028,678	1,991,980
Total	<u>\$ 61,411,126</u>	<u>\$ 62,186,866</u>

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

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

Long-Term Debt

At June 30, 2021, the School District had \$ 25.6 million in total debt outstanding which consisted of about \$22.2 million in various forms of bond debt, and about \$3.3 million in unamortized bond premiums. Table 5 summarizes the School District's debt as compared to the prior fiscal year.

Table 5
Change in Long Term Debt

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
General Obligation Bonds Payable	\$ 20,240,000	\$ 21,125,000
QZAB Bonds Payable	2,000,000	2,000,000
Unamortized Bond Premiums	3,265,449	3,545,344
Financed Purchase	157,397	-
Total	<u>\$ 25,662,846</u>	<u>\$ 26,670,344</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The School District is financially stable. The School District's operating millage for fiscal year 2020 was 17.00 mills, which was a decrease from the prior year. The millage rate produced about \$559,000 per mill.
- Revenues from property taxes increased by about \$0.8 million from the prior year or about 8.1%. Federal revenues increased by about \$0.9 million from the prior year, or 29.0% mainly because of increased funding to mitigate COVID-19 at the local level. The increase in Federal funding is not expected to be sustained in the future. Revenues for operations from State sources experienced a marginal decline from the prior fiscal year. The general fund had an unassigned fund balance of \$3.7 million at June 30, 2021, which is an increase of about \$1.9 million from the prior year. The increase in unassigned fund balance is primarily associated with the general fund expenditures for fiscal year 2021 being about \$1.3 million less than the prior fiscal year and general fund revenues being about \$1.4 million more than the prior fiscal year.
- The Board anticipates significant financial challenges going forward due to expected continued higher health insurance and benefit costs for employees. In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Eugene Herrington, Director of Finance, Lamar County Board of Education, 100 Victory Lane, Barnesville, Georgia 30204. You may also email Mr. Herrington at the following address: Eugene.herrington@lamar.k12.ga.us.

Lamar County Board of Education

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 6,830,487.64
Investments	1,092,361.08
Accounts Receivable, Net	
Taxes	554,115.59
State Government	2,726,533.15
Federal Government	1,339,265.45
Other	59,073.45
Inventories	71,799.56
Prepaid Items	23,044.81
Restricted Assets	
Cash with Fiscal Agent or Trustee	666,666.00
Capital Assets, Non-Depreciable	1,297,574.99
Capital Assets, Depreciable (Net of Accumulated Depreciation)	60,113,551.39
Total Assets	<u>74,774,473.11</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	7,182,342.00
Related to OPEB Plan	5,417,196.00
Total Deferred Outflows of Resources	<u>12,599,538.00</u>
<u>LIABILITIES</u>	
Accounts Payable	395,164.13
Salaries and Benefits Payable	2,313,587.07
Interest Payable	344,849.04
Net Pension Liability	26,516,529.00
Net OPEB Liability	23,117,366.00
Long-Term Liabilities	
Due Within One Year	1,214,780.21
Due in More Than One Year	24,448,065.50
Total Liabilities	<u>78,350,340.95</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	601,753.00
Related to OPEB Plan	5,588,003.00
Total Deferred Inflows of Resources	<u>6,189,756.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	36,574,466.36
Restricted for	
Continuation of State and Federal Programs	372,441.05
Continuation of Sponsored Programs	39.33
Debt Service	2,428,309.26
Capital Projects	2,694,456.13
Bus Replacement	154,500.00
Unrestricted (Deficit)	<u>(39,390,297.97)</u>
Total Net Position	<u>\$ 2,833,914.16</u>

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

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES)
		CHARGES FOR	OPERATING	CAPITAL	REVENUES
	EXPENSES	SERVICES	GRANTS AND	GRANTS AND	AND CHANGES IN
			CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 20,248,492.41	\$ 144,963.36	\$ 13,465,320.78	\$ 162,629.24	\$ (6,475,579.03)
Support Services					
Pupil Services	1,469,079.42	-	325,209.87	-	(1,143,869.55)
Improvement of Instructional Services	756,082.39	-	350,223.49	-	(405,858.90)
Educational Media Services	469,508.66	-	383,802.39	-	(85,706.27)
General Administration	862,995.13	-	573,130.95	-	(289,864.18)
School Administration	1,719,321.84	-	976,584.70	-	(742,737.14)
Business Administration	380,454.73	-	48,883.36	897.37	(330,674.00)
Maintenance and Operation of Plant	2,119,458.65	985.00	1,135,061.11	5,110.79	(978,301.75)
Student Transportation Services	1,400,426.41	-	426,263.33	321,396.41	(652,766.67)
Central Support Services	288,638.18	-	4,343.50	-	(284,294.68)
Other Support Services	255,279.43	-	(46.57)	-	(255,326.00)
Operations of Non-Instructional Services					
Community Services	26,914.14	-	-	-	(26,914.14)
Food Services	1,194,922.90	73,849.68	1,268,095.03	3,998.41	151,020.22
Interest on Long-Term Debt	794,501.25	-	-	83,077.93	(711,423.32)
Total Governmental Activities	<u>\$ 31,986,075.54</u>	<u>\$ 219,798.04</u>	<u>\$ 18,956,871.94</u>	<u>\$ 577,110.15</u>	<u>(12,232,295.41)</u>
General Revenues					
Taxes					
Property Taxes					
					9,470,597.72
					739,112.83
Sales Taxes					
					2,482,606.61
					253,279.65
Grants and Contributions not Restricted to Specific Programs					
					800,812.00
Investment Earnings					
					2,009.28
Miscellaneous					
					541,926.61
Special Item					
					453,102.00
					<u>14,743,446.70</u>
Change in Net Position					
					2,511,151.29
Net Position - Beginning of Year (Restated)					
					<u>322,762.87</u>
Net Position - End of Year					
				\$	<u>2,833,914.16</u>

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,020,482.70	\$ 1,951,036.89	\$ 1,858,968.05	\$ 6,830,487.64
Investments	587,998.39	25,770.94	478,591.75	1,092,361.08
Accounts Receivable, Net				
Taxes	308,248.80	-	245,866.79	554,115.59
State Government	2,008,003.95	718,529.20	-	2,726,533.15
Federal Government	1,317,265.45	-	-	1,317,265.45
Other	59,073.45	-	-	59,073.45
Due from Other Funds	500,000.00	-	-	500,000.00
Inventories	71,799.56	-	-	71,799.56
Prepaid Items	5,500.00	17,544.81	-	23,044.81
Restricted				
Cash with a Fiscal Agent or Trustee	-	-	666,666.00	666,666.00
Total Assets	<u>\$ 7,878,372.30</u>	<u>\$ 2,712,881.84</u>	<u>\$ 3,250,092.59</u>	<u>\$ 13,841,346.73</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 377,804.13	\$ 17,360.00	\$ -	\$ 395,164.13
Salaries and Benefits Payable	2,313,587.07	-	-	2,313,587.07
Due to Other Funds	-	-	500,000.00	500,000.00
Total Liabilities	<u>2,691,391.20</u>	<u>17,360.00</u>	<u>500,000.00</u>	<u>3,208,751.20</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	39,835.55	-	8,745.80	48,581.35
<u>FUND BALANCES</u>				
Nonspendable	577,299.56	17,544.81	-	594,844.37
Restricted	455,180.82	2,677,977.03	2,741,346.79	5,874,504.64
Committed	312,473.67	-	-	312,473.67
Assigned	58,808.92	-	-	58,808.92
Unassigned	3,743,382.58	-	-	3,743,382.58
Total Fund Balances	<u>5,147,145.55</u>	<u>2,695,521.84</u>	<u>2,741,346.79</u>	<u>10,584,014.18</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,878,372.30</u>	<u>\$ 2,712,881.84</u>	<u>\$ 3,250,092.59</u>	<u>\$ 13,841,346.73</u>

LAMAR 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")	\$	10,584,014.18
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$	1,063,574.99
Construction in progress		234,000.00
Buildings and improvements		69,867,347.00
Equipment		4,936,126.25
Land improvements		2,043,809.00
Accumulated depreciation		(16,733,730.86)
		<u>61,411,126.38</u>
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		48,581.35
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(26,516,529.00)
Net OPEB liability		(23,117,366.00)
		<u>(49,633,895.00)</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	\$	6,580,589.00
Related to OPEB		(170,807.00)
		<u>6,409,782.00</u>
Qualified zone academy bond interest subsidy was not earned in the current period and therefore not reported as receivable in the governmental funds.		
		22,000.00
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(22,240,000.00)
Accrued interest payable		(344,849.04)
Financed purchase arrangement payable		(157,396.99)
Unamortized bond premiums		(3,265,448.72)
		<u>(26,007,694.75)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>2,833,914.16</u></u>

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 9,506,787.95	\$ -	\$ 737,162.72	\$ 10,243,950.67
Sales Taxes	253,279.65	-	2,482,606.61	2,735,886.26
State Funds	15,989,851.27	718,529.20	-	16,708,380.47
Federal Funds	4,250,051.09	-	-	4,250,051.09
Charges for Services	219,798.04	-	-	219,798.04
Investment Earnings	1,825.18	-	184.10	2,009.28
Miscellaneous	541,926.61	-	83,077.93	625,004.54
Total Revenues	<u>30,763,519.79</u>	<u>718,529.20</u>	<u>3,303,031.36</u>	<u>34,785,080.35</u>
<u>EXPENDITURES</u>				
Current				
Instruction	17,659,292.91	69,130.05	-	17,728,422.96
Support Services				
Pupil Services	1,410,277.42	-	-	1,410,277.42
Improvement of Instructional Services	735,431.39	-	-	735,431.39
Educational Media Services	436,176.66	-	-	436,176.66
General Administration	766,270.23	95,326.90	-	861,597.13
School Administration	1,568,362.84	-	-	1,568,362.84
Business Administration	348,703.78	8,772.40	1,441.35	358,917.53
Maintenance and Operation of Plant	2,069,042.10	336,284.81	-	2,405,326.91
Student Transportation Services	1,355,428.50	41,680.67	-	1,397,109.17
Central Support Services	279,615.18	-	-	279,615.18
Other Support Services	252,662.43	-	-	252,662.43
Community Services	26,914.14	-	-	26,914.14
Food Services Operation	1,119,137.77	6,001.35	-	1,125,139.12
Capital Outlay	-	183,966.99	-	183,966.99
Debt Services				
Principal	-	25,000.00	885,000.00	910,000.00
Dues and Fees	-	-	2,281.15	2,281.15
Interest	-	-	1,079,900.00	1,079,900.00
Total Expenditures	<u>28,027,315.35</u>	<u>766,163.17</u>	<u>1,968,622.50</u>	<u>30,762,101.02</u>
Revenues over (under) Expenditures	<u>2,736,204.44</u>	<u>(47,633.97)</u>	<u>1,334,408.86</u>	<u>4,022,979.33</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Financed Purchase Arrangement Proceeds	-	182,396.99	-	182,396.99
Transfers In	-	270,236.23	-	270,236.23
Transfers Out	-	-	(270,236.23)	(270,236.23)
Total Other Financing Sources (Uses)	<u>-</u>	<u>452,633.22</u>	<u>(270,236.23)</u>	<u>182,396.99</u>
<u>SPECIAL ITEM</u>				
Legal Settlement Agreement	<u>-</u>	<u>453,102.00</u>	<u>-</u>	<u>453,102.00</u>
Net Change in Fund Balances	2,736,204.44	858,101.25	1,064,172.63	4,658,478.32
Fund Balances - Beginning (Restated)	<u>2,410,941.11</u>	<u>1,837,420.59</u>	<u>1,677,174.16</u>	<u>5,925,535.86</u>
Fund Balances - Ending	<u>\$ 5,147,145.55</u>	<u>\$ 2,695,521.84</u>	<u>\$ 2,741,346.79</u>	<u>\$ 10,584,014.18</u>

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

LAMAR 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") \$ 4,658,478.32

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	\$ 784,819.44	
Depreciation expense - buildings	(1,288,689.55)	
Depreciation expense - equipment	(257,361.31)	
Depreciation expense - land improvement	<u>(79,366.00)</u>	(840,597.42)

Capital assets purchased with Universal Service Fund (e-rate) proceeds are not reported in governmental funds. However, in the Statement of Activities, the e-rate proceeds are shown as capital grants and contributions.

64,857.80

Georgia State Financing and Investment Commission grants reported in the funds are not reported as revenue in the Statement of Activities during the current period.

(718,529.20)

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	\$ (1,353,738.00)	
OPEB expense	<u>(280,363.00)</u>	(1,634,101.00)

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

Deferred inflows - unavailable property taxes		
June 30, 2020	\$ (82,821.47)	
June 30, 2021	<u>48,581.35</u>	(34,240.12)

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

Accrued interest expense		
June 30, 2020	\$ 352,633.33	
June 30, 2021	<u>(344,849.04)</u>	7,784.29

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Financed purchase arrangement proceeds	\$ (182,396.99)	
Financed purchase arrangement payments	25,000.00	
Redemption of bond principal	885,000.00	
Amortization of bond premium	<u>279,895.61</u>	<u>1,007,498.62</u>

Change in net position of governmental activities (Exhibit "B") \$ 2,511,151.29

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

EXHIBIT "G"

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

EXHIBIT "G"

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

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

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

Fund Financial Statements

The fund financial statements provide information about the School District's funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The School District had no funds reported as nonmajor programs.

The School District reports the following major governmental funds:

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

Basis of Accounting

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

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

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

EXHIBIT "G"

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

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

New Accounting Pronouncements

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

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

EXHIBIT "G"

Investments

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

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

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

Receivables

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

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.

Restricted Assets

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

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the

LAMAR COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 5,000.00	10 to 60 years
Buildings and Improvements	\$ 5,000.00	20 to 60 years
Equipment	\$ 5,000.00	3 to 15 years
Intangible Assets	\$ 100,000.00	Individually determined

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

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EXHIBIT "G"

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

LAMAR COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 Lamar County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on September 18, 2020 (levy date) based on property values as of January 1, 2020. Taxes were due on November 20, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Lamar 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 \$9,506,787.95 and for school bonds amounted to \$737,162.72.

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

School Operations	17.00	mills
School Bonds	1.50	mills
	<hr/>	
	18.50	mills
	<hr/>	

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, which are included in the property tax revenue as shown above, amounted to \$1,037,306.22 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 \$2,482,606.61 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The most recent authorization expires on December 31, 2027.

NOTE 3: BUDGETARY DATA

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

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

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 Board is authorized to approve adjustments of the amount budgeted for expenditures in any budget function. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Collateralization of Deposits

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

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

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

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

- (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, School District had deposits with a carrying amount of \$6,645,144.29, and a bank balance of \$7,202,890.82. The bank balances insured by Federal depository insurance were \$1,166,666.00 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School District's name were \$6,036,224.82.

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

Statement of Net Position

Cash and cash Equivalents	\$ 6,830,487.64
Cash held by Trustee or Fiscal Agent	<u>666,666.00</u>
Total cash and cash equivalents	7,497,153.64
Add:	
Deposits with original maturity of three months or more reported as investments	587,998.39
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>1,440,007.74</u>
Total carrying value of deposits - June 30, 2021	<u>\$ 6,645,144.29</u>

Categorization of Cash Equivalents

The School District reported cash equivalents of \$1,440,007.74 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AA+ rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2021 was 36 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not

LAMAR COUNTY BOARD OF EDUCATION
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provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Categorization of Investments

At June 30, 2021, the School District had the investments in certificates of deposit of \$587,998.39 and other types of investments in the amount of \$504,362.69. An analysis of these investments is as follows:

Investment Type	Fair Value	Investment Maturity
		Less Than 1 Year
Mutual Funds		
Money Market Funds	\$ 504,362.69	\$ 504,362.69

Fair Value of Investments

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

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

The School District has the following recurring fair value measurements as of June 30, 2021:

Mutual Funds – money market funds of \$504,362.69 are valued using quoted market prices. (Level 1 inputs)

Credit Quality Risk

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

The investments subject to credit quality risk are the money market funds. These investments had a quality rating of AAA.

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the cash balance, totaling \$666,666.00 for the QZAB Bond Sinking Fund.

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 879,428.00	\$ 184,146.99	\$ -	\$ 1,063,574.99
Construction in Progress	-	234,000.00	-	234,000.00
Total Capital Assets				
Not Being Depreciated	879,428.00	418,146.99	-	1,297,574.99
Capital Assets				
Being Depreciated				
Buildings and Improvements	69,789,376.00	77,971.00	-	69,867,347.00
Equipment	4,792,408.00	294,059.25	150,341.00	4,936,126.25
Land Improvements	1,984,309.00	59,500.00	-	2,043,809.00
Less Accumulated Depreciation:				
Buildings and Improvements	10,930,998.00	1,288,689.55	-	12,219,687.55
Equipment	2,800,428.00	257,361.31	150,341.00	2,907,448.31
Land Improvements	1,527,229.00	79,366.00	-	1,606,595.00
Total Capital Assets,				
Being Depreciated, Net	61,307,438.00	(1,193,886.61)	-	60,113,551.39
Governmental Activities				
Capital Assets - Net	\$ 62,186,866.00	\$ (775,739.62)	\$ -	\$ 61,411,126.38

Current year depreciation expense by function is as follows:

Instruction	\$ 1,394,023.58
Support Services	
Business Administration	\$ 11,849.20
Maintenance and Operation of Plant	46,507.51
Student Transportation Services	118,544.79
Food Services	54,491.78
	\$ 1,625,416.86

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

NOTE 7: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

Interfund Assets and Liabilities

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ 500,000.00	\$ -
Debt Service Fund	-	500,000.00
	<u>\$ 500,000.00</u>	<u>\$ 500,000.00</u>

The School District's debt service fund borrowed money from the general fund to help pay off the outstanding QZAB bonds which is expected to be repaid in future years.

Interfund Transfers

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

Transfers to	Transfers From Debt Service Fund
Capital Projects Fund	\$ <u>270,236.23</u>

Transfers were used to move sales tax revenues collected by the debt service fund to the capital projects fund to provide funding for projects approved by the citizenry by local referendum.

NOTE 8: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
General Obligation (G.O.) Bonds	\$ 21,125,000.00	\$ -	\$ 885,000.00	\$ 20,240,000.00	\$ 915,000.00
Unamortized Bond Premiums	3,545,344.33	-	279,895.61	3,265,448.72	279,895.61
Qualified Zone Academy Bonds	2,000,000.00	-	-	2,000,000.00	-
Financed Purchase	-	182,396.99	25,000.00	157,396.99	19,884.60
	<u>\$ 26,670,344.33</u>	<u>\$ 182,396.99</u>	<u>\$ 1,189,895.61</u>	<u>\$ 25,662,845.71</u>	<u>\$ 1,214,780.21</u>

LAMAR COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

General Obligation Debt Outstanding

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

The School District's outstanding bonds from direct placements related to governmental activities of \$20,240,000.00 contain a provision that in the event of default, the State of Georgia Board of Education is authorized to withhold any state appropriation to which the School District may be entitled and apply it to the payment of principal, premium if any, and interest on the bonds then due.

Of the total amount authorized, \$2,015,000.00 remains unissued. General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	3.00% - 5.00%	10/2/2017	3/1/2033	\$ 21,985,000.00	\$ 20,240,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2022	\$ 915,000.00	\$ 965,350.00	\$ 279,895.61
2023	950,000.00	928,750.00	279,895.61
2024	1,500,000.00	881,250.00	279,895.61
2025	1,530,000.00	843,750.00	279,895.61
2026	1,610,000.00	767,250.00	279,895.61
2027 - 2031	9,340,000.00	2,545,500.00	1,399,478.03
2032 - 2033	4,395,000.00	331,750.00	466,492.64
Total Principal and Interest	\$ 20,240,000.00	\$ 7,263,600.00	\$ 3,265,448.72

Qualified Zone Academy Bonds (QZAB)

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the establishment of special academic programs, in partnership with the business community. This legislation established a method of repayment for qualified interest free debt on such agreements.

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In fiscal year 2007, the School District, in agreement with Liberty Freedom Academy, entered into such an agreement for the sale of \$2,000,00.00 of Qualified Zone Academy Bonds (QZAB) for the purpose of capital construction.

In fiscal year 2012, the Lamar County Board of Education sold \$2,000,000.00 of Qualified Zone Academy Bonds (QZAB) -Series 2011 for the purpose of funding the costs of renovations and improvements at Lamar College and Career Center. Under Federal Law, these bonds are eligible to receive an interest subsidy from the U.S. Government which will materially offset the School District's liability to make full interest debt service amortization payments as scheduled. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. The amount of interest due on QZAB -2011 series bonds included in the amortization schedule below is \$176,000.00. The interest subsidy received by the School District from the U.S Government in fiscal year 2021 funded all but \$4,922.07 of the \$88,000.00 interest expense due on the series 2011 QZAB bonds in fiscal year 2021.

The School District is obligated make an annual deposit of \$666,666.00 to a sinking fund for retirement of this debt beginning April 1, 2021, through April 1, 2023.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2011 - QZAB	4.40%	12/29/2011	4/1/2023	\$ 2,000,000.00	\$ 2,000,000.00

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

Fiscal Year Ended June 30:	Principal	Interest
2022	\$ -	\$ 88,000.00
2023	2,000,000.00	88,000.00
Total Principal and Interest	\$ 2,000,000.00	\$ 176,000.00

Obligations Under Financed Purchases

A land purchase agreement of \$182,396.99 dated April 19, 2021 was executed by and between the School District, the lessee, and the Town of Aldora, the lessor. Payments of the lease shall be made from the School District's capital projects fund.

Debt currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Aldora Land Purchase	3.25%	4/19/2021	4/1/2029	\$ 182,396.99	\$ 157,396.99

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EXHIBIT "G"

The following is a schedule of total finance purchase payments:

Fiscal Year Ended June 30:	Principal	Interest
2022	\$ 19,884.60	\$ 5,115.40
2023	20,530.85	4,469.15
2024	21,198.10	3,801.90
2025	21,887.04	3,112.96
2026	22,598.37	2,401.63
2027 - 2029	51,298.04	2,701.96
Total Principal and Interest	\$ 157,397.00	\$ 21,603.00

NOTE 9: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Unemployment Compensation

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ 12,903.84	\$ 12,903.84	\$ -

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

Surety Bond

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 25,000.00

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories	\$ 71,799.56	
Interfund Balances	500,000.00	
Prepaid Assets	23,044.81	\$ 594,844.37
<hr/>		
Restricted		
Continuation of Federal Programs	\$ 293,646.59	
Continuation of State Programs	6,994.90	
Continuation of Sponsored Program	39.33	
Bus Replacement	154,500.00	
Capital Projects	2,677,977.03	
Debt Service	2,741,346.79	5,874,504.64
<hr/>		
Committed		
School Activity Accounts		312,473.67
Assigned		
Various Local programs		58,808.92
Unassigned		3,743,382.58
<hr/>		
Fund Balance, June 30, 2021		\$ 10,584,014.18

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

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 12% 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.

LAMAR COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

NOTE 11: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

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

Project	Unearned Executed Contracts (1)	Expenditures through June 30, 2021
High School - Video Board Display	\$ 25,350.00	\$ 234,000.00

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

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

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

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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 \$565,290.00 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 \$23,117,366.00 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 0.157393%, which was an increase of 0.007735% 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 \$845,653.00. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,523,699.00
Changes of assumptions	3,823,099.00	2,056,948.00
Net difference between projected and actual earnings on OPEB plan investments	60,253.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	968,554.00	1,007,356.00
School District contributions subsequent to the measurement date	565,290.00	-
Total	\$ 5,417,196.00	\$ 5,588,003.00

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

Year Ended June 30:	OPEB
2022	\$ (532,093.00)
2023	\$ (533,710.00)
2024	\$ (381,434.00)
2025	\$ 41,805.00
2026	\$ 475,569.00
Thereafter	\$ 193,766.00

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

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
School District's proportionate share of the Net OPEB liability	\$ 27,159,091.00	\$ 23,117,366.00	\$ 19,885,115.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 19,247,531.00	\$ 23,117,366.00	\$ 28,127,679.00

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

NOTE 14: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

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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 \$2,648,476.00 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.

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

Under the old plan, 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

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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 \$19,835.00 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

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

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

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 \$50,219.00.

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 total liability of \$26,516,529.00 for its proportionate share of the net pension liability consisting of \$26,409,638.00 for TRS and \$106,891.00 for ERS.

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.

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At June 30, 2020, the School District's TRS proportion was 0.109023%, which was a decrease of 0.000245% from its proportion measured as of June 30, 2019. At June 30, 2020, the School District's ERS proportion was 0.002536%, which was an increase of 0.000100% 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 \$325,152.00.

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

For the year ended June 30, 2021, the School District recognized pension expense of \$3,933,367.00 for TRS, \$20,425.00 for ERS and \$65,432.00 for PSERS and revenue of (\$68,527.00) for TRS and \$65,432.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is only provided only for certain support personnel.

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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 Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,150,148.00	\$ -	\$ 1,302.00	\$ -
Changes of assumptions	2,720,223.00	-	-	-
Net difference between projected and actual earnings on pension plan investments	636,081.00	-	1,510.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	601,753.00	4,767.00	-
School District contributions subsequent to the measurement date	2,648,476.00	-	19,835.00	-
Total	<u>\$ 7,154,928.00</u>	<u>\$ 601,753.00</u>	<u>\$ 27,414.00</u>	<u>\$ -</u>

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 Ended June 30:	TRS	ERS
2022	\$ 585,714.00	\$ 2,888.00
2023	\$ 1,319,321.00	\$ 1,618.00
2024	\$ 1,399,410.00	\$ 1,752.00
2025	\$ 600,254.00	\$ 1,321.00
2026	\$ -	\$ -
Thereafter	\$ -	\$ -

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

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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.

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

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

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

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

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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:

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<hr/>	<hr/>	<hr/>
School District's proportionate share of the net pension liability	\$ 41,879,381.00	\$ 26,409,638.00	\$ 13,728,884.00
Employees' Retirement System:	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
	<hr/>	<hr/>	<hr/>
School District's proportionate share of the net pension liability	\$ 150,377.00	\$ 106,891.00	\$ 69,781.00

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 and <http://www.ers.ga.gov/financials>.

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NOTE 15: 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	\$ 276,116.40
Prior Period Adjustment - Implementation of GASB No. 84:	
Private Purpose Trust Fund Account Reclassification	26,286.45
Agency Funds Account Reclassification	<u>20,360.02</u>
Net Position, July 1, 2020, as restated	<u>\$ 322,762.87</u>
Fund Balance (General Fund), July 1, 2020, as previously reported	\$ 2,364,294.64
Prior Period Adjustment - Implementation of GASB No. 84:	
Private Purpose Trust Fund Account Reclassification	26,286.45
Agency Funds Account Reclassification	<u>20,360.02</u>
Fund Balance (General Fund), July 1, 2020, as restated	<u>\$ 2,410,941.11</u>
Net Position (Fiduciary Funds), July 1, 2020 as previously reported	\$ 26,286.45
Prior Period Adjustment - Implementation of GASB No. 84:	
Private Purpose Trust Fund Account Reclassification	<u>(26,286.45)</u>
Net Position (Fiduciary Funds), July 1, 2020, as restated	<u>\$ -</u>

Funds held for others of \$20,360.02, previously presented in the Fiduciary Funds, was reclassified to net position and fund balance (general fund).

NOTE 16: SPECIAL ITEM

A special item reflects a significant transaction or other event 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 of \$453,102.00 relates to a legal settlement in regard to the faulty air conditioning design for the new high school. Repair of this system is expected to occur in fiscal year 2022.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.109023%	\$ 26,409,638.00	\$ -	\$ 26,409,638.00	\$ 14,081,794.58	187.54%	77.01%
2020	0.109268%	\$ 23,495,575.00	\$ -	\$ 23,495,575.00	\$ 13,338,886.03	176.14%	78.56%
2019	0.111607%	\$ 20,716,650.00	\$ 179,867.00	\$ 20,896,517.00	\$ 13,416,928.29	154.41%	80.27%
2018	0.112630%	\$ 20,932,632.00	\$ 275,434.00	\$ 21,208,066.00	\$ 13,109,094.16	159.68%	79.33%
2017	0.118607%	\$ 24,469,947.00	\$ 374,661.00	\$ 24,844,608.00	\$ 13,217,267.39	185.14%	76.06%
2016	0.121943%	\$ 18,564,611.00	\$ 301,283.00	\$ 18,865,894.00	\$ 13,080,704.00	141.92%	81.44%
2015	0.122616%	\$ 15,490,914.00	\$ 246,736.00	\$ 15,737,650.00	\$ 12,739,646.00	121.60%	84.03%

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

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 2,648,476.00	\$ 2,648,476.00	\$ -	\$ 13,895,217.83	19.06%
2020	\$ 2,976,785.00	\$ 2,976,785.00	\$ -	\$ 14,081,794.58	21.14%
2019	\$ 2,787,823.00	\$ 2,787,823.00	\$ -	\$ 13,338,886.03	20.90%
2018	\$ 2,235,981.00	\$ 2,235,981.00	\$ -	\$ 13,416,928.29	16.67%
2017	\$ 1,846,391.00	\$ 1,846,391.00	\$ -	\$ 13,109,094.16	14.08%
2016	\$ 1,857,679.00	\$ 1,857,679.00	\$ -	\$ 13,217,267.39	14.05%
2015 (1)	\$ 1,719,711.00	\$ 1,719,711.00	\$ -	\$ 13,080,704.00	13.15%
2014 (1)	\$ 1,564,428.00	\$ 1,564,428.00	\$ -	\$ 12,739,646.00	12.28%
2013 (1)	\$ 1,477,572.00	\$ 1,477,572.00	\$ -	\$ 12,758,912.00	11.58%
2012 (1)	\$ 1,324,453.00	\$ 1,324,453.00	\$ -	\$ 12,692,579.00	10.43%

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

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

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2021	0.002536%	\$ 106,891.00	\$ 63,616.00	168.03%	76.21%
2020	0.002436%	\$ 100,522.00	\$ 61,398.36	163.72%	76.74%
2019	0.002175%	\$ 89,415.00	\$ 60,518.40	147.75%	76.68%
2018	0.002421%	\$ 98,325.00	\$ 59,380.80	165.58%	76.33%
2017	0.002554%	\$ 120,815.00	\$ 59,380.80	203.46%	72.34%
2016	0.002551%	\$ 103,351.00	\$ 58,277.16	177.34%	76.20%
2015	0.002544%	\$ 95,416.00	\$ 57,281.64	166.57%	77.99%

LAMAR COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "4"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 19,835.00	\$ 19,835.00	\$ -	\$ 80,435.84	24.66%
2020	\$ 15,688.00	\$ 15,688.00	\$ -	\$ 63,616.00	24.66%
2019	\$ 15,215.00	\$ 15,215.00	\$ -	\$ 61,398.36	24.78%
2018	\$ 15,015.00	\$ 15,015.00	\$ -	\$ 60,518.40	24.81%
2017	\$ 14,732.00	\$ 14,732.00	\$ -	\$ 59,380.80	24.81%
2016	\$ 14,679.00	\$ 14,679.00	\$ -	\$ 59,380.80	24.72%
2015	\$ 12,810.00	\$ 12,810.00	\$ -	\$ 58,277.16	21.98%
2014	\$ 10,574.00	\$ 10,574.00	\$ -	\$ 57,281.64	18.46%

LAMAR 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 Year Ended June 30 (1)	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00%	\$ -	\$ 325,152.00	\$ 325,152.00	\$ 703,852.65	N/A	84.45%
2020	0.00%	\$ -	\$ 252,915.00	\$ 252,915.00	\$ 944,708.05	N/A	85.02%
2019	0.00%	\$ -	\$ 262,225.00	\$ 262,225.00	\$ 778,278.44	N/A	85.26%
2018	0.00%	\$ -	\$ 261,394.00	\$ 261,394.00	\$ 737,794.90	N/A	85.69%
2017	0.00%	\$ -	\$ 362,262.00	\$ 362,262.00	\$ 723,238.34	N/A	81.00%
2016	0.00%	\$ -	\$ 239,268.00	\$ 239,268.00	\$ 753,234.01	N/A	87.00%
2015	0.00%	\$ -	\$ 221,654.00	\$ 221,654.00	\$ 765,895.74	N/A	88.29%

(1) The 2020 amount includes all months while the other reported amounts include the nine months of the year employees contribute to the Plan.

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

SCHEDULE "6"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered- employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.157393%	\$ 23,117,366.00	\$ -	\$ 23,117,366.00	\$ 13,405,675.82	172.44%	3.99%
2020	0.149658%	\$ 18,366,247.00	\$ -	\$ 18,366,247.00	\$ 12,892,874.02	142.45%	4.63%
2019	0.156586%	\$ 19,901,600.00	\$ -	\$ 19,901,600.00	\$ 12,555,167.01	158.51%	2.93%
2018	0.158293%	\$ 22,240,103.00	\$ -	\$ 22,240,103.00	\$ 12,573,762.89	176.88%	1.61%

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

SCHEDULE "7"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2021	\$ 565,290.00	\$ 565,290.00	\$ -	\$ 13,686,159.51	4.13%
2020	\$ 532,267.00	\$ 532,267.00	\$ -	\$ 13,405,675.82	3.97%
2019	\$ 806,010.00	\$ 806,010.00	\$ -	\$ 12,892,874.02	6.25%
2018	\$ 811,568.00	\$ 811,568.00	\$ -	\$ 12,555,167.01	6.46%
2017	\$ 825,355.00	\$ 825,355.00	\$ -	\$ 12,573,762.89	6.56%

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.

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

SCHEDULE "8"

School OPEB Fund

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

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

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

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	\$ 8,847,626.00	\$ 8,847,626.00	\$ 9,506,787.95	\$ 659,161.95
Sales Taxes	250,000.00	250,000.00	253,279.65	3,279.65
State Funds	14,136,859.60	14,136,859.60	15,989,851.27	1,852,991.67
Federal Funds	1,167,695.36	2,537,222.36	4,250,051.09	1,712,828.73
Charges for Services	83,734.03	83,734.03	219,798.04	136,064.01
Investment Earnings	599.68	599.68	1,825.18	1,225.50
Miscellaneous	2,409.25	2,409.25	541,926.61	539,517.36
Total Revenues	24,488,923.92	25,858,450.92	30,763,519.79	4,905,068.87
EXPENDITURES				
Current				
Instruction	18,470,308.53	19,885,991.39	17,659,292.91	2,226,698.48
Support Services				
Pupil Services	952,816.94	1,072,436.20	1,410,277.42	(337,841.22)
Improvement of Instructional Services	994,515.06	999,809.52	735,431.39	264,378.13
Educational Media Services	440,267.48	458,047.87	436,176.66	21,871.21
General Administration	741,856.57	761,325.57	766,270.23	(4,944.66)
School Administration	1,863,651.21	1,874,889.15	1,568,362.84	306,526.31
Business Administration	390,366.78	392,892.78	348,703.78	44,189.00
Maintenance and Operation of Plant	2,168,746.33	2,512,661.33	2,069,042.10	443,619.23
Student Transportation Services	1,310,199.01	1,449,244.01	1,355,428.50	93,815.51
Central Support Services	288,852.94	296,891.94	279,615.18	17,276.76
Other Support Services	256,683.38	257,698.38	252,662.43	5,035.95
Community Services	-	-	26,914.14	(26,914.14)
Food Services Operation	1,403,129.81	1,620,448.80	1,119,137.77	501,311.03
Total Expenditures	29,281,394.04	31,582,336.94	28,027,315.35	3,555,021.59
Net Change in Fund Balances	(4,792,470.12)	(5,723,886.02)	2,736,204.44	8,460,090.46
Fund Balances - Beginning (Restated)	3,215,701.11	3,215,701.11	2,410,941.11	(804,760.00)
Adjustments	(129,554.94)	(93,315.95)	-	93,315.95
Fund Balances - Ending	\$ (1,706,323.95)	\$ (2,601,500.86)	\$ 5,147,145.55	\$ 7,748,646.41

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 programs reported as a part of the general fund. The actual revenues and expenditures of the those programs were as follows:

	Not Included in Original Budget		Not Included in Final Budget	
	Revenues	Expenditures	Revenues	Expenditures
Various Federal Programs	\$ 1,300,813.83	\$ 1,808,275.64	\$ 92,418.49	\$ 303,061.80
College Career Academy (State)	-	8,136.21	-	8,136.21
School Principals Accounts	526,134.63	488,608.16	526,134.63	488,608.16
Various Local Programs	75,389.46	89,860.60	75,389.46	89,860.60
Total	\$ 1,902,337.92	\$ 2,394,880.61	\$ 693,942.58	\$ 889,666.77

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.

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

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	215GA324N199	\$ 239,231.98
National School Lunch Program	10.555	215GA324N199	602,478.95
Total Child Nutrition Cluster			<u>841,710.93</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	205GA904N2533	4,338.34
Total U. S. Department of Agriculture			<u>846,049.27</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	574,872.54
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	337,124.98
Total Education Stabilization Fund			<u>911,997.52</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	52,986.86
Grants to States	84.027A	H027A200073	485,427.72
Preschool Grants	84.173A	H173A190081	600.00
Preschool Grants	84.173A	H173A200081	13,721.42
Total Special Education Cluster			<u>552,736.00</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	44,666.02
Comprehensive Literacy Development	84.371C	S371C190016-19A	330,164.15
Rural Education Achievement Program	84.358B	S365B190010	9,468.00
Rural Education Achievement Program	84.358B	S365B200010	51,612.00
Student Support and Academic Enrichment Program	84.424A	S424A200011	64,950.31
Supporting Effective Instruction State Grants	84.367A	S367A190001	21,754.00
Supporting Effective Instruction State Grants	84.367A	S367A200001	103,947.49
Title I Grants to Local Educational Agencies	84.010A	S010A190010	189,531.15
Title I Grants to Local Educational Agencies	84.010A	S010A200010	109,355.37
Title I Grants to Local Educational Agencies	84.010A	S010A200010-20A	737,656.16
Total Other Programs			<u>1,663,104.65</u>
Total U. S. Department of Education			<u>3,127,838.17</u>
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12. UNKNOWN		92,418.49
Total Expenditures of Federal Awards			<u>\$ 4,066,305.93</u>

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

SCHEDULE "10"

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 Lamar 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.

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

SCHEDULE "11"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		
	GENERAL	CAPITAL PROJECTS	TOTAL
	FUND	FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 573,478.40	\$ -	\$ 573,478.40
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	863,703.00	-	863,703.00
Kindergarten Program - Early Intervention Program	261,512.00	-	261,512.00
Primary Grades (1-3) Program	1,818,308.00	-	1,818,308.00
Primary Grades - Early Intervention (1-3) Program	350,596.00	-	350,596.00
Upper Elementary Grades (4-5) Program	1,049,021.00	-	1,049,021.00
Upper Elementary Grades - Early Intervention (4-5) Program	216,575.00	-	216,575.00
Middle School (6-8) Program	1,808,497.00	-	1,808,497.00
High School General Education (9-12) Program	1,607,390.00	-	1,607,390.00
Vocational Laboratory (9-12) Program	665,716.00	-	665,716.00
Students with Disabilities	2,097,131.00	-	2,097,131.00
Gifted Student - Category VI	740,489.00	-	740,489.00
Remedial Education Program	134,807.00	-	134,807.00
Alternative Education Program	137,761.00	-	137,761.00
English Speakers of Other Languages (ESOL)	26,892.00	-	26,892.00
Media Center Program	313,111.00	-	313,111.00
20 Days Additional Instruction	97,801.00	-	97,801.00
Staff and Professional Development	53,527.00	-	53,527.00
Principal Staff and Professional Development	1,136.00	-	1,136.00
Indirect Cost			
Central Administration	496,413.00	-	496,413.00
School Administration	667,183.00	-	667,183.00
Facility Maintenance and Operations	655,260.00	-	655,260.00
Amended Formula Adjustment	(455,894.00)	-	(455,894.00)
Categorical Grants			
Pupil Transportation			
Regular	357,887.00	-	357,887.00
Bus Replacement	154,440.00	-	154,440.00
Nursing Services	53,667.00	-	53,667.00
Sparsity	13,648.84	-	13,648.84
Education Equalization Funding Grant	800,812.00	-	800,812.00
Other State Programs			
Career Technical and Agricultural Education Program	161,980.88	-	161,980.88
Food Services	36,008.00	-	36,008.00
Hygiene Products	1,195.00	-	1,195.00
Preschool Disability Services	25,140.15	-	25,140.15
Pupil Transportation - State Bonds	154,440.00	-	154,440.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	718,529.20	718,529.20
Office of the State Treasurer			
Public School Employees Retirement	50,219.00	-	50,219.00
	\$ 15,989,851.27	\$ 718,529.20	\$ 16,708,380.47

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

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
SPLOST V			
(a) The repayment of a portion of previously incurred general obligation debt of the School District, a portion of the principal and interest on the Series 2011 Bond;	\$ 2,000,000.00	\$ 4,000,000.00	12/31/2022
(b) interest incurred on general obligation debt of School District Bond Series 2017 for construction of new high school;	2,500,000.00	29,380,500.00	12/31/2022
(i) renovations and improvements to existing school buildings, including primary, elementary, middle and high schools, maintenance facilities and the central office;	1,000,000.00	1,000,000.00	12/31/2022
(ii) acquisition of school buses, transportation vehicles and equipment, and maintenance vehicles;	1,000,000.00	1,000,000.00	12/31/2022
(iii) acquisition of computers and system-wide technology upgrades;	1,000,000.00	1,000,000.00	12/31/2022
(iv) upgrades and renovations to athletic facilities and physical education equipment;	1,000,000.00	1,000,000.00	12/31/2022
(v) textbooks, furnishing, band instruments, vocational equipment, and safety and security equipment; and	750,000.00	750,000.00	12/31/2022
(vi) construction and equipping of new high school complex.	750,000.00	34,000,000.00	12/31/2022
Total	\$ 10,000,000.00	\$ 72,130,500.00	

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

SCHEDULE "12"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST
(a) The repayment of a portion of previously incurred general obligation debt of the School District, a portion of the principal and interest on the Series 2011 Bond;	\$ 671,902.00	\$ 176,000.00	\$ -
(b) interest incurred on general obligation debt of School District Bond Series 2017 for construction of new high school;	-	2,035,400.00	-
(i) renovations and improvements to existing school buildings, including primary, elementary, middle and high schools, maintenance facilities and the central office;	332,724.36	98,386.61	-
(ii) acquisition of school buses, transportation vehicles and equipment, and maintenance vehicles;	28,989.03	22,150.00	-
(iii) acquisition of computers and system-wide technology upgrades;	80,634.97	517,092.93	-
(iv) upgrades and renovations to athletic facilities and physical education equipment;	295,706.19	166,100.00	-
(v) textbooks, furnishing, band instruments, vocational equipment, and safety and security equipment; and	3,145.00	66,404.38	-
(vi) construction and equipping of new high school complex.	-	33,047,476.95	-
Total	\$ 1,413,101.55	\$ 36,129,010.87	\$ -

(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 Lamar 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. Jute Wilson, Superintendent and Members of the
Lamar County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Lamar 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 February 3, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we did identify a certain deficiency in internal control that we consider to be a material weakness and a certain deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2021-002 to be a significant deficiency.

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

February 3, 2023



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. Jute Wilson, Superintendent and Members of the
Lamar County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Lamar 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2021-001 that we consider to be a significant deficiency.

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

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,

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

Greg S. Griffin
State Auditor

February 3, 2023

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

LAMAR 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

FS 2020-001 Internal Controls over Financial Reporting Process

Repeat of Prior Year Finding: FS 2019-001

Finding Status: Unresolved

The Finance Department will seek training in Financial Statement preparation in order to ensure our ability to correctly read and understand the statements prepared and submitted by a third-party CPA. This will allow us to readily identify and seek correction for any items omitted or incorrectly stated on the financials. Over the last couple years, we have had positional turnover in our finance staff and have been unable to pursue the training we have desired, as day-to-day and month-to-month training has required much of our time and resources. But we feel we are now in a position to seek out and attend courses/conferences that would educate our team on financial reporting.

FS 2019-001 Internal Controls over Financial Reporting Process

Repeat of Prior Year Finding: No

Finding Status: Unresolved

See response to finding number FS 2020-001.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted: No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

All major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? No

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

II FINANCIAL STATEMENT FINDINGS

FS 2021-001

Internal Control Procedures

Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	No

Description:

The accounting procedures of the School District were insufficient to provide adequate internal controls over numerous control categories.

Criteria:

The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:

Cash and Cash Equivalents

The School District did not perform bank reconciliations in a manner adequate to identify reconciling items correctly, which led to:

- A wire transfer of \$300,464.84 that was not initiated until July 1, 2021, was considered a reduction in cash at June 30, 2021, causing an understatement to cash and accounts payable.

Employee Compensation

- Due to errors in the financial system not identifying employees and their assigned benefits accurately, salaries and benefits payable and State Health insurance expense are understated by \$326,281.39.

Budget

- Due to budgeting expenditures and no corresponding revenue for federal reimbursable grants the School District budgeted themselves into a deficit on the original budget by \$1,706,323.95 and the final budget by \$2,601,500.86.

General Ledger

- Reconciliations are not being performed over accounts payable to ensure the balance is accurate and complete.
- Reconciliations are not being performed over federal accounts receivable to ensure the balance is accurate and complete, which caused an overstatement to Federal accounts receivable and Federal revenue of \$173,342.14. An adjustment was proposed by the auditors and accepted by the School District to correctly report accounts receivable and revenue.
- Reconciliations are not being performed over interfund activity to ensure the balance relates to true internal payables and receivables, which caused a \$2,498,349.57 reclassification of cash between the general fund, capital projects fund, and debt service fund opinion units. Adjustments were proposed by the auditors and accepted by the School District to correctly report cash.

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

II FINANCIAL STATEMENT FINDINGS

- Due to not reconciling payments made by a debt service fund bank account for expenditures recorded in the capital projects fund, transfers of \$270,236.23 between these opinion units were not recorded. An adjustment was proposed by the auditors and accepted by the School District to correctly report transfers.

Cause:

Through discussions with School District personnel and management, it was determined these errors were caused due to the entity having a small financial staff and an adequate review not being performed to ensure proper procedures were performed and that amounts were properly recorded. Additionally, it was noted there were insufficient accounting controls and procedures in place to ensure revenue and expenditures were recorded for federal reimbursable grants in the budget process.

Effect:

Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur.

Recommendation:

The School District should review accounting procedures in place and design and implement additional procedures relative to the above control categories to strengthen the internal controls over the various accounting function.

Views of Responsible Officials:

We concur with this finding.

FS 2021-002**Internal Controls over Financial Reporting****Internal Control Impact:**

Significant Deficiency

Compliance Impact:

None

Repeat of Prior Year Finding:

FS 2020-001, FS 2019-001

Description:

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

Criteria:

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

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

II FINANCIAL STATEMENT FINDINGS

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

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

Condition:

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

Interfund Balances:

- An adjustment of \$500,000.00 was proposed by the auditors and accepted by the School District to correctly reflect due to and due from accounts in a manner to be consistent with the prior year on the general fund and debt service fund statements.

Capital Projects Fund:

- A reclassification entry of \$453,102.00 was proposed by the auditors and accepted by the School District to correctly report cash and revenue between the general fund and capital projects fund.
- An adjustment of \$182,396.99 was proposed by the auditors and accepted by the School District to record the proceeds and long-term debt for a land financed purchase agreement.

Cash and Cash Equivalents Disclosures:

- The entity did not provide adequate collateral documentation for the Regions Qualified Zone Academy Bonds (QZAB) account.
- A reclassification entry of \$416,666.00 was proposed by the auditors and accepted by the School District to correctly classify the collateral information in the notes to the financial statements.

Pension Related Disclosures:

- An adjustment of \$325,152.00 was proposed by the auditors and accepted by the School District to disclose the State's proportionate share of the Net Public School Employees Retirement System (PSERS) pension liability associated with the School District.
- An adjustment of \$218,261.00 was proposed and accepted by the School District to disclose the proportionate share of the net pension liability associated with the School District.
- An adjustment of \$604,958.14 was proposed and accepted by the School District to correct on the Schedule of Contributions - Teachers Retirement System of Georgia, the School District's covered payroll to allow agreement with supporting documentation.

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

II FINANCIAL STATEMENT FINDINGS

- An adjustment of \$331,225.90 was proposed and accepted by the School District to correct on the Schedule of Proportionate Share of the Net Pension Liability - Public School Employees Retirement System of Georgia, the School District's covered payroll to allow agreement with supporting documentation.

Supplementary Information Disclosures:

- An adjustment of \$327,287.30 was proposed by the auditors and accepted by the School District to correct the Schedule of Expenditures of Federal Awards (SEFA) expenditures that did not have matching revenue for the Education Stabilization Fund.
- An adjustment of \$574,022.68 was proposed by the auditors and accepted by the School District on the Schedule of Special Purpose Local Option Sales Tax Projects to correct for financial statement adjusting entries not in the analysis.

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

Cause:

In discussing this deficiency with the School District, they stated since the inception of their new ERP system, that there are flaws in the automatic transactions that occur behind the scenes which has caused some significant issues with their interfund accounts. Additionally, a lack of review of the financial statements and note disclosures resulted in several of the misstatements.

Effect:

Misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operation.

Recommendation:

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

Views of Responsible Officials:

We concur with this finding.

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

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that “costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity... (g) Be adequately documented...”

To assist school districts in improving their financial management systems and associated compliance over federal programs, GaDOE published the *Financial Management for Georgia Local Units of Administration* (FMGLUA) manual. The FMGLUA manual requires that LEAs submit a budget as part of each federal program’s Consolidated Application process. The program budget reflects details regarding the manner in which each school district intends to expend the program funds. The Consolidated Application, including the budget, for each program must be reviewed and approved by GaDOE personnel before the LEA is authorized to expend program funds. Amendments to the budget are to be submitted to and approved by GaDOE when a school district intends to spend funds in a manner not initially reported.

Condition:

A review of the School District’s accounting records and the approved expenditures reflected within the ESSER program Consolidated Application revealed the following:

- An individually significant expenditure associated with water bottle filling stations in the amount of \$17,756 was selected for testing to determine if applicable compliance requirements were met. Auditors noted that the expenditure was not appropriately approved by GaDOE through the Consolidated Application process. Further, the expenditure was not submitted for approval on an amended budget as of the end of audit fieldwork.
- Upon completing audit procedures associated with the participation of private school children, auditors noted that expenditures in the amount of \$18,101 were budgeted and approved through the Consolidated Application process to purchase supplies for a private school; however, the expenditures reported on the general ledger for this private school totaled \$29,280, which exceeded the approved budget by \$11,179.

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

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs:

Known questioned costs of \$28,935 were identified for expenditures that were not properly approved through the Consolidated Application process. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs.

Cause:

In discussing these deficiencies with management, they stated that inadequate staffing levels led to the School District's failure to establish appropriate internal control procedures, such as a review to ensure compliance with applicable policies and procedures prior to the expenditure of federal funds.

Effect:

The School District is not in compliance with the Uniform Guidance or GaDOE guidance related to the ESSER program. Failure to accurately develop and amend budget information through the Consolidated Application process and verify compliance with applicable policies and regulations prior to the expenditure of federal program funds may expose the School District to unnecessary financial strains and shortages as GaDOE may require the School District to return funds associated with unapproved and unallowable expenditures.

Recommendation:

The School District should revise current internal control procedures related to the ESSER program. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that potential expenditures are approved through the Consolidated Application process and deemed to be allowable before spending federal funds. In addition, management should develop and implement a monitoring process to ensure that control procedures are being followed.

Views of Responsible Officials:

We concur with this finding.

Section V

Management's Corrective Action

Dr. Jute Wilson
Superintendent

Lamar County Schools

100 Victory Lane - Barnesville, GA 30204
(770) 358-5891 – FAX (770) 358-5858
www.lamar.k12.ga.us

Dr. Johnathan Roberts
Assistant
Superintendent



James Butler
District 1

Sue O'Neal
District 2

Joshua Swatts
District 3

Ron Smith
District 4

Danny Turner
At Large

LAMAR COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2021

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2021-001	<u>Internal Controls Procedures</u>
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	None

Description:

The accounting procedures of the School District were insufficient to provide adequate internal controls over numerous control categories.

Corrective Action Plans:

Additional training will be given to the bookkeepers and the new Associate Accountant concerning bank reconciliations, which will include closely monitoring year-end cash transactions that affect closing and new fiscal years, and doing proper reviews and processes for outstanding checks.

We are bringing in a retired payroll specialist to train/assist our new payroll specialist with ensuring that benefits are assigned correctly to employees, with accurate reporting to our CPA.

We will contact our software provider to assist with ensuring all automatic interfund transactions are set up correctly within the SmartFusion software, and doing reconciliations/testing of those accounts to confirm the transactions are valid.

Actions already put into place for the 2022 fiscal year are:

- A) Ensuring all grants (state and federal) have a revenue budget entered to prevent a budget deficient
- B) Created a new bank account for CPF in order that all SPLOST paid projects are transferred within the bank accounts, with correlating transfer journal entries.

Estimated Completion Date: December 31, 2022

Contact Person: Donna Martin
Telephone: 770-358-5891
E-mail: donna.martin@lamar.k12.ga.us

Donna Martin 10/3/22

"Learning TODAY to succeed TOMORROW."

Lamar County Schools is an equal opportunity employer and does not discriminate in employment on the basis of religion, race, color, sex, national origin, age, or disability.

Dr. Jute Wilson
Superintendent

Lamar County Schools

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Danny Turner
At Large

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2021-002 Internal Controls over Financial Reporting
Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: FS 2020-001, FS 2019-001

Description:

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

Corrective Action Plans:

The Finance Department will seek training in Financial Statement preparation in order to ensure our ability to correctly read and understand the statements prepared and submitted by a third-party CPA. This will allow us to readily identify and seek correction for any items omitted or incorrectly stated on the financials. Over the last couple years, we have had positional turnover in our finance staff and have been unable to pursue the training we have desired, as day-to-day and month-to-month training has required much of our time and resources. But we feel we are now in a position to seek out and attend courses/conferences that would educate our team on financial reporting.

Estimated Completion Date: March 31, 2023

Contact Person: Donna Martin
Telephone: 770-358-5891
E-mail: donna.martin@lamar.k12.ga.us

Donna Martin 10/3/22

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Dr. Jute Wilson
Superintendent

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At Large

FA 2021-01	<u>Improve Budgetary Controls over Expenditures</u>
Compliance Requirement:	Activities Allowed/Unallowed Allowable Costs/Cost Principals Special Test & Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
Assistance Listing No. & Title:	84.425D, education Stabilization Fund
Federal Award Number:	S425D200012
Questioned Costs:	\$28,934.93
Repeat of Prior Year Finding:	None

Description:

The School District recorded expenditures which had not been properly approved by the pass-through entity (Georgia Department of Education) in the grant budget process (consolidated application).

Corrective Action Plans:

The Finance Department has begun, and will continue, to ensure that all items/services intended to be sourced using ESSER funding are correctly listed on the consolidated application for the proper approval of said items/services. We have reached out, and will continue to do so, to the Georgia Department of Education for any guidance to further assist us in ensuring that all approval processes are met and followed.

Estimated Completion Date: December 31, 2022

Contact Person: Donna Martin
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Donna Martin 10/3/22

"Learning TODAY to succeed TOMORROW."

Lamar County Schools is an equal opportunity employer and does not discriminate in employment on the basis of religion, race, color, sex, national origin, age, or disability.