

# Houston County Board of Education



*Eric P. Staples Memorial Building*

## **Fiscal Year 2022 Annual Financial Report June 30, 2022 (Including Independent Auditor's Report)**

# Houston County Board of Education

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## **Section I**

### **Financial**



# DOAA

Georgia Department  
of Audits & Accounts

Greg S. Griffin  
State Auditor

## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Mark Scott, Superintendent and Members of the  
Houston County Board of Education

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Houston County Board of Education (School District) as of and for the year ended June 30, 2022, 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.

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, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***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 is the responsibility of management and, 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 GAAS, 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 appropriate evidence to express an opinion or provide any assurance.

### ***Supplementary 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 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 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,



Greg S. Griffin  
State Auditor

March 16, 2023

**HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**INTRODUCTION**

The discussion and analysis of Houston County Board of Education's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2022 are as follows:

On the government-wide financial statements:

- ❑ On the government-wide financial statements, net position increased \$96.8 million which represents a 285.2 percent increase from 2021. This total increase was due to governmental activities since the School District has no business-type activities.
- ❑ The School District had \$369.8 million in expenses related to governmental activities. Revenues totaled \$466.7 million. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$279.2 million or 59.8 percent of the total revenues and were used to offset these expenditures. General revenues of \$187.4 million or 40.2 percent of all revenues were adequate to provide for these programs.
- ❑ The current ratio, which measures the Board's ability to transform current assets into cash and to pay its short-term liabilities, was 8.3 for the fiscal year ended June 30, 2022. Generally, a ratio greater than 2.0 is considered very financially stable.

On the fund financial statements:

- ❑ Among major funds, the general fund had \$428.9 million in revenues and other financing sources, and \$419.7 million in expenditures and other financing uses. The general fund's fund balance increased to \$129.7 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two levels of statements that present different views of the Houston County Board of Education. 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 overall financial status.

The fund financial statements focus on individual parts, 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.

**HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The fund financial statements reflect the School District's most significant funds. For the year ending June 30, 2022, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

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

### **Government-Wide Statements**

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has one distinct type of activity:

- **Governmental Activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, after school program, student and principal accounts, and various others.

### **Fund Financial Statements**

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

**HOUSTON COUNTY BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental 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 relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the Board as a whole. Table 1 provides a summary of the Board's net position for 2022 compared to fiscal year 2021.

<b>Table 1 Net Position (In Thousands)</b>		
	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
<b>Assets</b>		
Current and Other Assets	\$ 241,825	\$ 174,878
Capital Assets, Net	398,928	369,260
<b>Total Assets</b>	<b>640,753</b>	<b>544,138</b>
<b>Deferred Outflows of Resources</b>	<b>140,954</b>	<b>140,479</b>
<b>Liabilities</b>		
Current and Other Liabilities	29,030	25,897
Long-Term Liabilities	346,434	574,007
<b>Total Liabilities</b>	<b>375,464</b>	<b>599,904</b>
<b>Deferred Inflows of Resources</b>	<b>275,477</b>	<b>50,767</b>
<b>Net Position</b>		
Net Invested in Capital Assets	376,080	358,290
Restricted	95,034	78,381
Unrestricted (Deficit)	(340,348)	(402,725)
<b>Total Net Position</b>	<b>\$ 130,766</b>	<b>\$ 33,946</b>

Total net position increased \$96.8 million to \$130.8 million. This increase was mainly attributable to increased investment in capital assets and utilizing additional operating grants for expenditures. As shown on table 2, the School District's operations also increased.

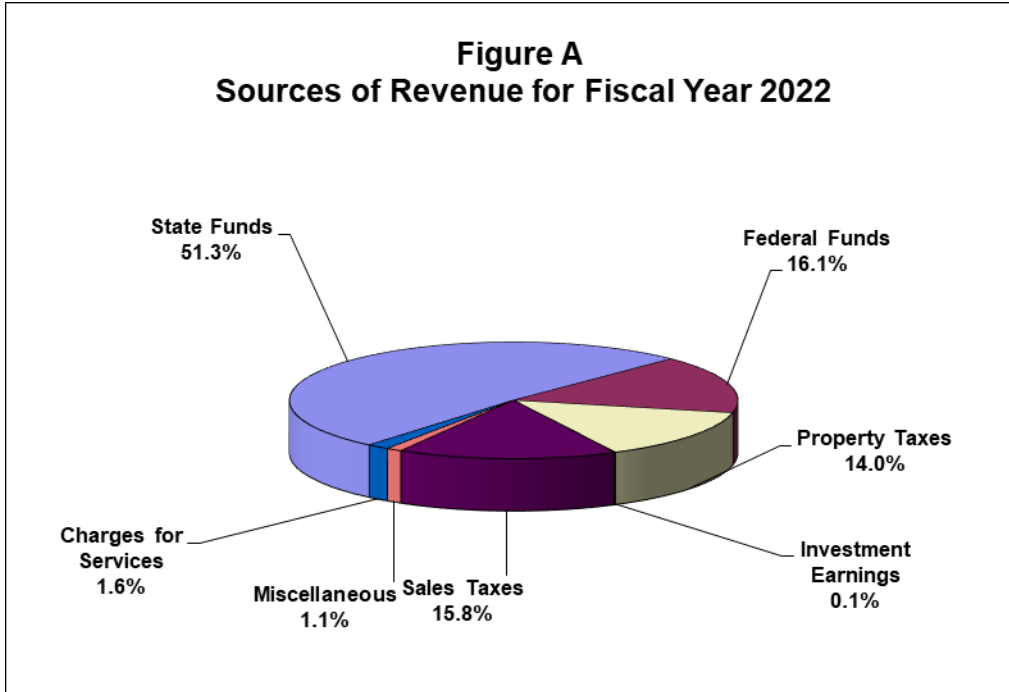
**HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Table 2 shows the changes in net position for fiscal year 2022 compared to the changes in net position for fiscal year 2021.

<b>Table 2 Changes in Net Position (In Thousands)</b>		
	<b>Governmental Activities</b>	
	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 7,583	\$ 5,299
Operating Grants and Contributions	265,868	243,609
Capital Grants and Contributions	5,775	1,516
<b>Total Program Revenues</b>	<b>279,226</b>	<b>250,424</b>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	55,713	52,985
Other Property Taxes	10,040	10,270
Sales Taxes		
Local Option Sales Tax	35,597	31,717
Special Purpose Local Option Sales Tax		
For Debt Service & Capital Projects	35,596	31,744
Other Sales Tax	2,538	2,468
Grants and Contributions not Restricted	42,291	38,967
Investment Earnings	343	116
Miscellaneous	5,312	8,535
<b>Total General Revenues</b>	<b>187,430</b>	<b>176,802</b>
<b>Total Revenues</b>	<b>466,656</b>	<b>427,226</b>
<b>Program Expenses</b>		
Instruction	234,847	266,740
Support Services		
Pupil Services	16,269	17,629
Improvement of Instructional Services	6,583	7,482
Instructional Staff Training	2,885	2,024
Educational Media Services	4,208	4,897
General Administration	2,380	2,012
School Administration	21,571	25,040
Business Administration	2,824	2,761
Maintenance and Operation of Plant	24,872	25,298
Student Transportation Services	16,467	14,611
Central Support Services	6,170	6,735
Other Support Services	1,120	2,306
Operations of Non-Instructional Services		
Enterprise Operations	2,480	2,066
Community Services	1,017	761
Food Services	25,849	24,692
Interest on Long-Term Debt	294	34
<b>Total Expenses</b>	<b>369,836</b>	<b>405,088</b>
<b>Increase in Net Position</b>	<b>\$ 96,820</b>	<b>\$ 22,138</b>

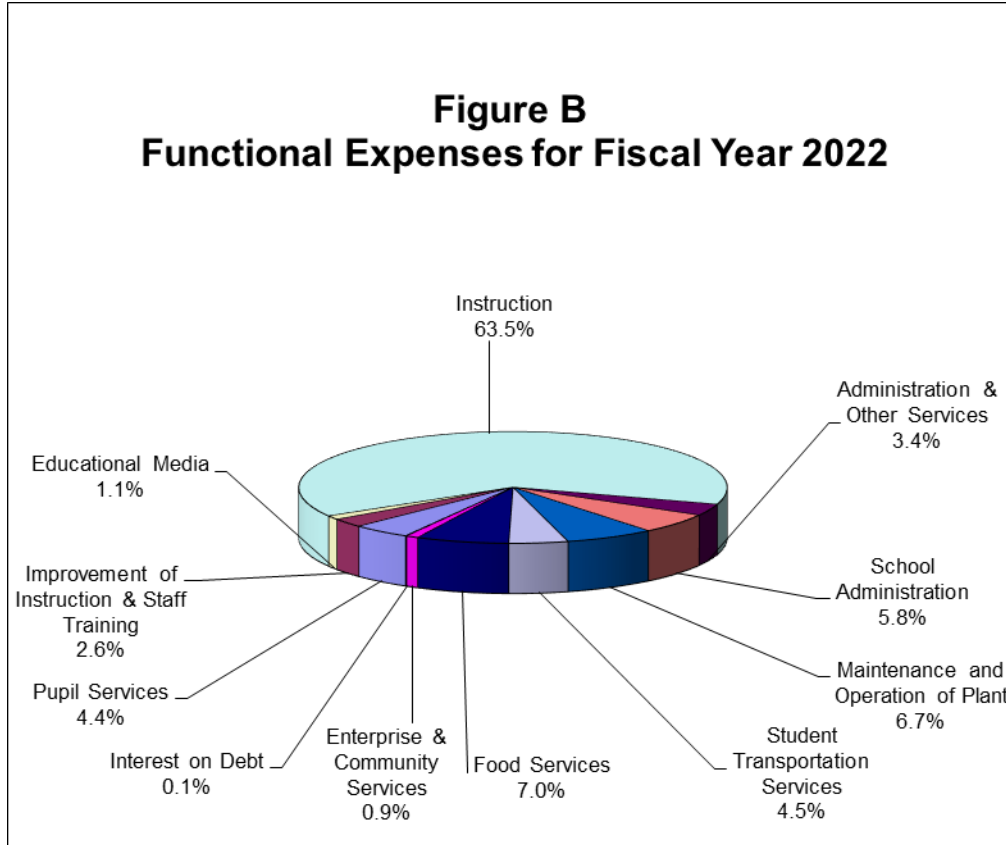
HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Figure A shows the funding sources for the revenues. 51.3 percent of the School District's revenues are derived from state grants. 16.1 percent from federal grants. Property taxes make up 14.0 percent of the total funding, while an additional 15.8 percent is earned from the School District's sales taxes.



HOUSTON COUNTY BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

As shown in Figure B, instruction comprised 63.5 percent of governmental program expenses. Administration and other services (3.4 percent) consist of the central office, business and warehouse, and other central operations of the School District.



**HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

***Governmental Activities***

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2022 with fiscal year 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

<b>Table 3 Governmental Activities (In Thousands)</b>				
	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2021
Instruction	\$ 234,847	\$ 266,740	\$ 36,266	\$ 90,144
Support Services				
Pupil Services	16,269	17,629	7,467	8,623
Improvement of Instructional Services	6,583	7,482	3,043	3,911
Instructional Staff Training	2,885	2,024	422	454
Educational Media Services	4,208	4,897	(110)	463
General Administration	2,380	2,012	884	501
School Administration	21,571	25,040	12,685	15,018
Business Administration	2,824	2,761	2,264	2,039
Maintenance and Operation of Plant	24,872	25,298	15,022	14,651
Student Transportation Services	16,467	14,611	13,459	10,593
Central Support Services	6,170	6,735	4,089	4,904
Other Support Services	1,120	2,306	440	1,502
Operations of Non-Instructional Services				
Enterprise Operations	2,480	2,066	747	(168)
Community Services	1,017	761	(246)	761
Food Services	25,849	24,692	(6,116)	1,234
Interest on Long-Term Debt	294	34	294	34
<b>Total Expenses</b>	<b>\$ 369,836</b>	<b>\$ 405,088</b>	<b>\$ 90,610</b>	<b>\$ 154,664</b>

Although *program revenues* make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. Approximately 15.4 percent of Instruction activities are supported through taxes and other general revenues, and for all governmental activities, general revenue support is 24.5 percent.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$531.2 million and expenditures and other financing uses of \$473.5 million. There was an increase in the fund balance totaling \$57.7 million for the governmental funds as a whole. The general fund increased by \$9.2 million due mainly to increases in mid-term funding, reversal of state mandated austerity reductions, local taxes and careful planning of expenditures. The capital projects fund had an increase of \$47.6 million and debt service fund had an increase of \$0.9 million to meet the subsequent year's debt requirements. The capital projects fund increase was due to the sale of \$40.0 million in general obligation bonds during the fiscal year 2022 to be repaid by the proceeds of the Education Special Purpose Local Option Sales Tax (ESPLOST) to be collected during fiscal years 2022 to 2027, and the proceeds from the ESPLOST. Additional funds were transferred from the general fund to cover local capital outlay. The increase in the debt service fund was attributable to the amount of ESPLOST proceeds needed to

HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

pay next fiscal year's interest and principal payments due on the outstanding debt associated with the issued general obligation bonds. The increase in the fund balance of the general fund for the year reflects that the School District was able to meet current costs as planned and budgeted.

***General Fund Budgeting Highlights***

The School District's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the general fund.

During fiscal year 2022, the School District amended its general fund budget as needed. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budgeted revenues and other financing sources of \$435.1 million was greater than the original budgeted amount of \$398.7 million by \$36.4 million. The overall difference was mainly due to a reversal of state cuts by the legislature of \$7.2 million, additional state grants of \$12.7 million, and additional federal grants for ESSER funding and other federal awards of \$17.3 million. The actual revenues and other financing sources of \$428.9 million was less than the budgeted amount by \$6.2 million due mainly to the elimination of intra-fund transfers, federal grants being carried forward to the subsequent year, and an increase in sales taxes.

The final budgeted expenditures and other financing uses of \$436.3 million was more than the original budgeted amount of \$398.4 million by \$37.9 million. This difference was due mainly to adjusting the budget to reflect the state funded retention bonuses, additional local capital outlay transfers, and the aforementioned additional ESSER grants. The actual expenditures and other financing uses of \$419.7 million was \$16.6 million less than budgeted. The reduced expenditures were mainly a result of an adjustment removing intrafund transfers, reductions of expenditures by the School District, and the requirements to budget for specific federal grants in advance of anticipated and actual need.

The differences in the beginning and ending budgeted fund balances to actual is the result of the School District's decision to include the Local Option Sales Taxes as current and prior year revenues for report purposes rather than reporting as deferred revenue in the current budgeted amounts.

HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2022, the School District had \$398.9 million invested in capital assets, net of depreciation and amortization, all in governmental activities. Table 4 shows fiscal year 2022 balances compared with fiscal year 2021 balances.

<b>Table 4</b> <b>Capital Assets at June 30</b> <b>(Net of Depreciation/Amortization, In Thousands)</b>		
	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Land	\$ 16,125	\$ 16,146
Construction in Progress	54,039	13,858
Buildings and Building Improvements	298,680	309,023
Equipment	13,216	15,193
Land Improvements	16,077	14,106
Intangible Assets	791	934
Total	<u>\$ 398,928</u>	<u>\$ 369,260</u>

The overall capital assets increased in fiscal year 2022 by \$29.7 million due to the construction and renovation expenses from the 2017 and 2022 ESPLOST capital outlay projects during the current year, partially offset by the fiscal year 2022 depreciation and amortization of \$16.1 million.

***Debt***

At June 30, 2022, the School District had \$46.3 million in bonds outstanding with \$6.3 million due within one year, \$5.2 million in compensated absences earned as of the end of the year, and \$5.5 million in unamortized bond premiums with \$0.7 million due with one year. In addition, the School District reported long-term liabilities for its proportionate share of the net pension and net OPEB liabilities. Reporting these liabilities is required by GASB Statements No. 68 and No. 75. The School District's portion of these liabilities is actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. The School District's contributions made during the current fiscal year are reported as deferred outflows of resources and will be recognized as a reduction of the liabilities in the subsequent fiscal year.

**HOUSTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Table 5 summarizes the long-term debt outstanding at June 30, 2022, compared to fiscal year 2021 balances.

<b>Table 5 Debt at June 30 (In Thousands)</b>		
	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
General Obligation Bonds	\$ 46,325	\$ 12,505
Compensated Absences	5,184	5,082
Unamortized Bond Premiums	5,526	1,326
Net Pension Liability	126,515	335,813
Net OPEB Liability	162,884	219,280
Total	\$ 346,434	\$ 574,006

At June 30, 2022, the School District's overall legal bonding authority was \$502.6 million based on the assessed value of taxable property as of December 31, 2021. The School District's bonds have assigned ratings of Aa2 and AA+. In addition, the State of Georgia limits the amount available to be spent each year on multiyear leases, purchase, or lease purchase contracts to 7.5 percent of the locally generated taxes for the maintenance and operation of the school system. The current threshold for these types of purchases was \$7.8 million; however, the School District had no payments for these types of purchase agreements.

## **CURRENT ISSUES**

The Houston County School District consists of 39 campuses located in Houston County, a fast-growing area with a population of approximately 168,379. Current enrollment is approximately 30,574 students in grades PK-12. Among Georgia's 159 counties, Houston ranks 14<sup>th</sup> in population, 15<sup>th</sup> in economics, and 16<sup>th</sup> in income. The 2021 School District millage ranks 162nd out of 180 school districts in Georgia.

In the past, the State of Georgia experienced serious financial hardship, and as a result, more pressure was being placed on the local school systems to prioritize their instructional programs and to fund them with additional locally generated revenues. In fiscal year 2003, the State enacted Austerity Reductions for the State allotments, resulting in a reduction of state revenues to the School District of approximately \$2.0 million in 2003 to a high of \$23.8 million in 2010. Those austerity reductions totaled \$158.4 million and the overall reduction of state funding, including other grants and programs, was approximately \$317.6 million between the fiscal years 2003 - 2018. Austerity reductions in the amount of \$7.2 million for the School District were included in the initial fiscal year 2022 allotments.

However, the reduction was eliminated in the 2022 midterm allotments. Additionally, the fiscal year 2023 state initial allotments did not include an austerity reduction. Hopefully, this trend will continue in future years. Other changes related to the pandemic were enacted by the School District to start the 2020 - 2021 school year and continued in the 2021 - 2022 school year. Distance Learning opportunities and on-line classes were added

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

to the School District's offerings to ensure a viable curriculum and educational opportunities are available for all students in Houston County. While Houston County's class sizes remain below the state maximum recommendations, any additional reductions in state funding combined with a growing system place a heavier burden on the locally generated taxes to help offset this loss of state funding. Despite these challenges, the Houston County Board of Education is strong financially, and we remain optimistic about the ability of the School District to maximize all of the financial resources to continue to provide a quality education to our students.

Houston County is home to Robins Air Force Base, Georgia's largest single industry. Robins Air Force Base had an estimated fiscal year 2021 economic impact on the State of Georgia of \$5.46 billion, with Houston County being, by far, the largest beneficiary of that impact. Other large employers located in the County include the Board of Education, Houston County Hospital Authority, Perdue Farms, Frito-Lay Company, Anchor Glass, and Wal-Mart Associates. Of Houston's employed residents, 65.2 percent work in the County.

Houston is Georgia's sixty-sixth largest County in total area. As one of the fastest growing counties in Georgia, Houston had a 15 percent population increase from 1980 - 1990, a 24 percent increase from 1990 - 2000, a 26.3 percent increase from 2000 - 2010, and a 17.0 percent increase from 2010 - 2020. The population as of the 2020 census was 163,633 and was projected to grow to 168,379 in 2022. This growth has resulted in school system enrollment increases between 280 to 562 students for the past few years.

Houston has three municipalities: Centerville with an estimated population of 8,228; Perry with 20,624; and Warner Robins with 80,308. The County also includes the communities of Bonaire, Clinchfield, Elko, Haynesville, Henderson, and Kathleen.

### **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 Michelle Morris, Chief Financial Officer, at the Houston County Board of Education, P.O. Box 1850, 1100 Main Street, Perry, Georgia 31069. You may also email your questions to [Michelle.Morris@hcbe.net](mailto:Michelle.Morris@hcbe.net).



**Houston County Board of Education**

HOUSTON COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2022

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 184,577,179.62
Investments	316,057.50
Accounts Receivable, Net	
Taxes	8,951,031.94
State Government	26,770,298.94
Federal Government	10,281,497.17
Other	329,481.63
Inventories	4,491,642.34
Prepaid Items	5,924,570.12
Net OPEB Asset	183,110.00
Capital Assets, Non-Depreciable	70,163,787.25
Capital Assets, Depreciable (Net of Accumulated Depreciation)	328,763,936.92
Total Assets	<u>640,752,593.43</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	102,645,331.48
Related to OPEB Plan	38,308,942.00
Total Deferred Outflows of Resources	<u>140,954,273.48</u>
<u>LIABILITIES</u>	
Accounts Payable	1,158,084.30
Salaries and Benefits Payable	22,207,991.94
Interest Payable	686,898.15
Claims Incurred but not Reported (IBNR)	1,825,817.42
Contracts Payable	242,686.08
Retainages Payable	2,908,202.72
Net Pension Liability	126,514,724.00
Net OPEB Liability	162,884,053.00
Long-Term Liabilities	
Due Within One Year	6,995,848.15
Due in More Than One Year	50,039,237.78
Total Liabilities	<u>375,463,543.54</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	186,158,651.00
Related to OPEB Plan	89,318,634.00
Total Deferred Inflows of Resources	<u>275,477,285.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	376,080,313.03
Restricted for	
Continuation of Federal Programs	14,138,681.03
Debt Service	6,694,155.98
Capital Projects	19,110,924.82
Net OPEB Asset	183,110.00
Property Tax Rollback	54,907,474.04
Unrestricted (Deficit)	<u>(340,348,620.53)</u>
Total Net Position	<u>\$ 130,766,038.37</u>

HOUSTON COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT "B"

	PROGRAM REVENUES					NET (EXPENSES)
		CHARGES FOR	OPERATING	CAPITAL	REVENUES	
	EXPENSES	SERVICES	GRANTS AND	GRANTS AND	AND CHANGES IN	
			CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION	
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 234,846,965.85	\$ 3,467,906.77	\$ 190,338,820.82	\$ 4,774,254.23	\$ (36,265,984.03)	
Support Services						
Pupil Services	16,268,883.06	-	8,802,182.91	-	(7,466,700.15)	
Improvement of Instructional Services	6,582,745.03	-	3,539,327.01	-	(3,043,418.02)	
Instructional Staff Training	2,885,465.89	-	2,463,829.14	-	(421,636.75)	
Educational Media Services	4,208,087.27	-	4,235,871.67	82,054.46	109,838.86	
General Administration	2,379,763.42	-	1,493,938.11	1,617.35	(884,207.96)	
School Administration	21,571,119.76	-	8,795,118.67	91,289.86	(12,684,711.23)	
Business Administration	2,824,324.71	-	526,184.44	34,387.71	(2,263,752.56)	
Maintenance and Operation of Plant	24,872,655.15	3,129.73	9,799,673.70	47,557.92	(15,022,293.80)	
Student Transportation Services	16,466,757.56	75,442.72	2,480,109.27	451,909.60	(13,459,295.97)	
Central Support Services	6,170,134.25	-	2,012,726.61	68,183.15	(4,089,224.49)	
Other Support Services	1,119,703.14	-	679,719.68	-	(439,983.46)	
Operations of Non-Instructional Services						
Enterprise Operations	2,479,979.18	1,732,940.45	-	-	(747,038.73)	
Community Services	1,016,990.75	1,262,785.76	-	-	245,795.01	
Food Services	25,848,892.91	1,040,864.31	30,700,453.29	223,759.76	6,116,184.45	
Interest on Long-Term Debt	293,762.46	-	-	-	(293,762.46)	
Total Governmental Activities	\$ 369,836,230.39	\$ 7,583,069.74	\$ 265,867,955.32	\$ 5,775,014.04	(90,610,191.29)	
General Revenues						
Taxes						
Property Taxes						
For Maintenance and Operations					55,713,445.09	
Alternative Ad Valorem Tax					35,268.74	
Forest Land Protection Act					77,488.29	
Railroad Cars					33,028.03	
Title Ad Valorem Tax					9,894,082.55	
Sales Taxes						
Special Purpose Local Option Sales Tax						
For Debt Services					7,522,222.22	
For Capital Projects					28,073,981.91	
Local Option Sales Tax					35,596,641.86	
Intangible Recording Tax					1,824,332.31	
Real Estate Transfer Tax					713,577.09	
Grants and Contributions not Restricted to Specific Programs					42,290,668.00	
Investment Earnings					343,218.97	
Miscellaneous					5,235,129.18	
Special Item						
Gain on Sale of Assets					76,692.62	
Total General Revenues and Special Item					187,429,776.86	
Change in Net Position					96,819,585.57	
Net Position - Beginning of Year					33,946,452.80	
Net Position - End of Year				\$	130,766,038.37	

HOUSTON COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 105,928,243.43	\$ 71,267,882.06	\$ 7,381,054.13	\$ 184,577,179.62
Investments	316,057.50	-	-	316,057.50
Accounts Receivable, Net				
Taxes	5,647,984.48	3,303,047.46	-	8,951,031.94
State Government	26,770,298.94	-	-	26,770,298.94
Federal Government	10,281,497.17	-	-	10,281,497.17
Other	329,481.63	-	-	329,481.63
Inventories	4,491,642.34	-	-	4,491,642.34
 Total Assets	 \$ 153,765,205.49	 \$ 74,570,929.52	 \$ 7,381,054.13	 \$ 235,717,189.14
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,158,084.30	\$ -	\$ -	\$ 1,158,084.30
Salaries and Benefits Payable	22,207,991.94	-	-	22,207,991.94
Contracts Payable	-	242,686.08	-	242,686.08
Retainages Payable	-	2,908,202.72	-	2,908,202.72
Total Liabilities	23,366,076.24	3,150,888.80	-	26,516,965.04
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	740,899.34	-	-	740,899.34
 <u>FUND BALANCES</u>				
Nonspendable	4,491,642.34	-	-	4,491,642.34
Restricted	68,228,726.90	43,810,196.73	7,381,054.13	119,419,977.76
Assigned	4,726,511.80	27,609,843.99	-	32,336,355.79
Unassigned	52,211,348.87	-	-	52,211,348.87
Total Fund Balances	129,658,229.91	71,420,040.72	7,381,054.13	208,459,324.76
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 153,765,205.49	 \$ 74,570,929.52	 \$ 7,381,054.13	 \$ 235,717,189.14

HOUSTON COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	208,459,324.76
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	\$	16,125,231.80	
Construction in progress		54,038,555.45	
Buildings and improvements		507,798,615.27	
Equipment		37,492,686.11	
Land improvements		24,236,367.52	
Intangible assets		1,437,220.47	
Accumulated depreciation and amortization		<u>(242,200,952.45)</u>	398,927,724.17

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

Net pension liability	\$	(126,514,724.00)	
Net OPEB asset		183,110.00	
Net OPEB liability		<u>(162,884,053.00)</u>	(289,215,667.00)

Prepaid expenditures are recognized in the Statement of Net Position but not in the governmental funds.

5,924,570.12

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	\$	(83,513,319.52)	
Related to OPEB		<u>(51,009,692.00)</u>	(134,523,011.52)

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

740,899.34

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	\$	(46,325,000.00)	
Accrued interest payable		(686,898.15)	
Compensated absences payable		(5,183,895.68)	
Unamortized bond premiums		(5,526,190.25)	
Claims and judgments payable		<u>(1,825,817.42)</u>	(59,547,801.50)

Net position of governmental activities (Exhibit "A")	\$	<u><u>130,766,038.37</u></u>
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HOUSTON COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 65,659,389.99	\$ -	\$ -	\$ 65,659,389.99
Sales Taxes	38,134,551.26	28,073,981.91	7,522,222.22	73,730,755.39
State Funds	236,954,611.28	2,656,217.70	-	239,610,828.98
Federal Funds	75,144,422.40	-	-	75,144,422.40
Charges for Services	7,583,069.74	-	-	7,583,069.74
Investment Earnings	226,271.94	102,049.87	14,897.16	343,218.97
Miscellaneous	5,182,629.18	52,500.00	-	5,235,129.18
Total Revenues	428,884,945.79	30,884,749.48	7,537,119.38	467,306,814.65
<u>EXPENDITURES</u>				
Current				
Instruction	259,004,068.70	629,382.18	-	259,633,450.88
Support Services				
Pupil Services	18,398,774.81	7,963.00	-	18,406,737.81
Improvement of Instructional Services	7,608,095.37	-	-	7,608,095.37
Instructional Staff Training	3,069,804.34	-	-	3,069,804.34
Educational Media Services	4,359,335.22	-	-	4,359,335.22
General Administration	2,569,548.73	-	-	2,569,548.73
School Administration	24,350,185.62	-	-	24,350,185.62
Business Administration	2,516,939.89	435,980.97	4,575.00	2,957,495.86
Maintenance and Operation of Plant	26,045,648.92	1,166.24	-	26,046,815.16
Student Transportation Services	15,488,078.25	2,269.65	-	15,490,347.90
Central Support Services	5,838,105.95	549,867.56	-	6,387,973.51
Other Support Services	1,571,992.11	-	-	1,571,992.11
Enterprise Operations	2,639,251.68	-	-	2,639,251.68
Community Services	1,016,990.75	-	-	1,016,990.75
Food Services Operation	26,200,635.33	-	-	26,200,635.33
Capital Outlay	-	45,583,889.44	-	45,583,889.44
Debt Services				
Principal	-	-	6,180,000.00	6,180,000.00
Interest	-	-	470,750.00	470,750.00
Total Expenditures	400,677,455.67	47,210,519.04	6,655,325.00	454,543,299.71
Revenues over (under) Expenditures	28,207,490.12	(16,325,769.56)	881,794.38	12,763,514.94
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Bonds	-	40,000,000.00	-	40,000,000.00
Premiums on Bonds Sold	-	4,855,342.10	-	4,855,342.10
Sale of Capital Assets	-	97,000.00	-	97,000.00
Transfers In	-	19,000,000.00	-	19,000,000.00
Transfers Out	(19,000,000.00)	-	-	(19,000,000.00)
Total Other Financing Sources (Uses)	(19,000,000.00)	63,952,342.10	-	44,952,342.10
Net Change in Fund Balances	9,207,490.12	47,626,572.54	881,794.38	57,715,857.04
Fund Balances - Beginning	120,450,739.79	23,793,468.18	6,499,259.75	150,743,467.72
Fund Balances - Ending	\$ 129,658,229.91	\$ 71,420,040.72	\$ 7,381,054.13	\$ 208,459,324.76

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

HOUSTON 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, 2022

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")	\$	57,715,857.04
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	\$	45,823,053.70
Depreciation and amortization expense		<u>(16,123,214.66)</u>
		29,699,839.04
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(32,016.75)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		93,922.71
Prepaid expenditures are recognized in the Statement of Net Position but not in the governmental funds.		5,924,570.12
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
General obligation bonds issued, including a premium of \$4,855,342.10	\$	(44,855,342.10)
Bond principal retirements		6,180,000.00
Amortization of bond premium		<u>655,469.02</u>
		(38,019,873.08)
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	\$	35,063,725.89
OPEB expense		<u>6,503,974.00</u>
		41,567,699.89
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on issuance of debt	\$	(478,481.48)
Compensated absences		(101,527.75)
Claims and judgments		<u>449,595.83</u>
		(130,413.40)
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>96,819,585.57</u></u>

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

**Reporting Entity**

The Houston 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.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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 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 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, and grants. 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 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.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under 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.

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

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

### **Receivables**

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

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

## **Inventories**

### ***Food Inventories***

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

### ***Supply Inventories***

On the basic financial statements, inventories of consumable supplies and materials are reported at cost (weighted average). The School District uses the consumption method to account for inventories of consumable supplies whereby an asset is recorded when supplies are purchased and expenditures are recorded at the time the supplies are consumed.

## **Prepaid Items**

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

## **Capital Assets**

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	All	8 to 25 Years
Buildings and Improvements	All	10 to 50 Years
Equipment		
a. Vehicles	All	5 to 14 Years
b. Other Machinery and Equipment	\$10,000 and any item necessary for insurance purposes	5 to 10 Years
Intangible Assets	\$100,000 to \$1,000,000	Up to 20 Years
Construction in Progress	All	N/A

### Deferred Outflows/Inflows of Resources

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

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

### Compensated Absences

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement in excess of sixty days. Employees retiring under the Teachers Retirement System of Georgia are eligible to be paid for up to sixty days of leave at a rate of \$22.50 per day, upon retirement. Employees retiring under the Public School Employees Retirement System will be eligible to sell all unused leave up to the one hundred day maximum accumulation, at \$22.50 per day. The employee must have a minimum of five consecutive years of employment with the School District, contiguous with retirement.

Public School Employees Retirement System employees who terminate employment may apply to sell unused leave in excess of forty-five days, but not to exceed one hundred days at \$22.50 per day. The employee must have a minimum of five consecutive years of employment with the School District, contiguous to a voluntary termination.

Accrued vacation leave will be paid to all eligible employees at their daily rate up to a maximum of forty-five days. Vacation leave of fifteen days is awarded to all full-time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed forty-five days.

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### **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 effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School 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.

### **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.

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

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

### **Fund Balances**

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

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

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

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

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

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

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

### Use of Estimates

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

### Property Taxes

The Houston County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on July 28, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 20, 2021 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. The Houston 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, 2022, for maintenance and operations amounted to \$55,619,522.38.

The tax millage rate levied for the 2021 tax digest year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>13.183</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$9,894,082.55 during fiscal year ended June 30, 2022.

### **Sales Taxes**

In 1982, the voters of Houston County approved a local amendment to the Constitution of the State of Georgia which limited the maximum allowable mill rate for ad valorem taxes levied by the School District each year. The maximum allowable mill rate for the School District in each year must be reduced by the mill rate which would yield on the digest for that year an amount equal to the amount received by the District in the immediately preceding year from the local sales and use tax. Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$35,596,641.86 and was recorded in the general fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District, and the corresponding millage rate was adjusted accordingly.

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$35,596,204.13 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

### **NOTE 3: BUDGETARY DATA**

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

The budgetary process begins with the School 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.

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

### **NOTE 4: DEPOSITS AND CASH EQUIVALENTS**

#### **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

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deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

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

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

### **Categorization of Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, School District had deposits with a carrying amount of \$70,189,276.53, and a bank balance of \$89,579,140.09. The bank balances insured by Federal depository insurance were \$5,472,812.78 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 \$310,385.73.

At June 30, 2022, \$83,795,941.58 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

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

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

Cash and cash equivalents	
Statement of Net Position	\$ 184,577,179.62
Add:	
Deposits with original maturity of three months or more reported as investments	316,057.50
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>114,703,960.59</u>
Total carrying value of deposits - June 30, 2022	<u>\$ 70,189,276.53</u>

### Categorization of Cash Equivalents

The School District reported cash equivalents of \$114,703,960.59 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, 2022 was 43 days.

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

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**NOTE 5: CAPITAL ASSETS**

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

	Balances June 30, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 16,145,539.18	\$ -	\$ 20,307.38	\$ 16,125,231.80
Construction in Progress	13,858,013.60	45,296,946.78	5,116,404.93	54,038,555.45
Total Capital Assets				
Not Being Depreciated	30,003,552.78	45,296,946.78	5,136,712.31	70,163,787.25
Capital Assets				
Being Depreciated/Amortized:				
Buildings and Improvements	506,265,142.30	1,822,277.97	288,805.00	507,798,615.27
Equipment	37,247,438.00	526,106.92	280,858.81	37,492,686.11
Land Improvements	20,942,240.56	3,294,126.96	-	24,236,367.52
Intangible Assets	1,437,220.47	-	-	1,437,220.47
Less Accumulated Depreciation/Amortization:				
Buildings and Improvements	197,242,490.99	12,164,733.80	288,805.00	209,118,419.79
Equipment	22,054,290.77	2,491,454.43	269,149.44	24,276,595.76
Land Improvements	6,835,883.30	1,323,304.38	-	8,159,187.68
Intangible Assets	503,027.17	143,722.05	-	646,749.22
Total Capital Assets,				
Being Depreciated/Amortized, Net	339,256,349.10	(10,480,702.81)	11,709.37	328,763,936.92
Governmental Activity				
Capital Assets - Net	\$ 369,259,901.88	\$ 34,816,243.97	\$ 5,148,421.68	\$ 398,927,724.17

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

Instruction		
Support Services		\$ 11,748,702.27
Educational Media Services	\$ 396,028.28	
General Administration	7,806.00	
School Administration	440,602.07	
Business Administration	165,969.07	
Maintenance and Operation of Plant	229,533.92	
Student Transportation Services	1,813,220.37	
Central Support Services	329,079.67	3,382,239.38
Food Services		992,273.01
		<u>\$ 16,123,214.66</u>

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**NOTE 6: INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Transfer to	Transfers From General Fund
Capital Projects Fund	\$ <u>19,000,000.00</u>

Transfers are used to move local revenues collected by the general fund to capital projects fund as a supplemental funding source for capital construction projects.

**NOTE 7: LONG-TERM LIABILITIES**

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

	Governmental Activities				
	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
G.O. Bonds	\$ 12,505,000.00	\$ 40,000,000.00	\$ 6,180,000.00	\$ 46,325,000.00	\$ 6,325,000.00
Unamortized Bond Premiums	1,326,317.17	4,855,342.10	655,469.02	5,526,190.25	670,848.15
Compensated Absences (1)	5,082,367.93	101,527.75	-	5,183,895.68	-
	<u>\$ 18,913,685.10</u>	<u>\$ 44,956,869.85</u>	<u>\$ 6,835,469.02</u>	<u>\$ 57,035,085.93</u>	<u>\$ 6,995,848.15</u>

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

**General Obligation Bonds**

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

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2022. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

During the current year, the School District issued general obligation bonds totaling \$40,000,000.00 to fund capital outlay projects.

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General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	4.00% - 5.00%	4/6/2017	9/1/2022	\$ 30,000,000.00	\$ 6,325,000.00
General Government - Series 2022	5.00%	3/24/2022	9/1/2027	40,000,000.00	40,000,000.00
				<u>\$ 70,000,000.00</u>	<u>\$ 46,325,000.00</u>

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
2023	\$ 6,325,000.00	\$ 2,030,347.22	\$ 670,848.15
2024	7,770,000.00	1,805,750.00	943,150.21
2025	7,880,000.00	1,414,500.00	956,502.39
2026	7,995,000.00	1,017,625.00	970,461.50
2027	8,115,000.00	614,875.00	985,027.53
2028	<u>8,240,000.00</u>	<u>206,000.00</u>	<u>1,000,200.47</u>
Total Principal and Interest	<u>\$ 46,325,000.00</u>	<u>\$ 7,089,097.22</u>	<u>\$ 5,526,190.25</u>

### Compensated Absences

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

### NOTE 8: RISK MANAGEMENT

#### Insurance

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; natural disasters; and unemployment compensation.

#### ***Georgia School Boards Association Risk Management Fund***

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

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according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability, errors and omissions, crime, cyber risk and automobile risks. Reinsurance limits and retentions vary by line of coverage.

### Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$550,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2021	\$ 1,102,430.38	\$ 2,074,244.92	\$ 901,262.05	\$ 2,275,413.25
2022	\$ 2,275,413.25	\$ 739,436.54	\$ 1,189,032.37	\$ 1,825,817.42

### 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 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
2021	\$ -	\$ 162,766.20	\$ 8,760.00	\$ 154,006.20
2022	\$ 154,006.20	\$ -	\$ 154,006.20	\$ -

### Surety Bond

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

Position Covered	Amount
Superintendent	\$ 50,000.00

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NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2022:

Nonspendable		
Inventories		\$ 4,491,642.34
Restricted		
Capital Projects	\$ 43,810,196.73	
Continuation of Federal Programs	13,321,252.86	
Debt Service	7,381,054.13	
Property Tax Rollback	<u>54,907,474.04</u>	119,419,977.76
Assigned		
Local Capital Outlay Projects	\$ 27,609,843.99	
School Activity Accounts	<u>4,726,511.80</u>	32,336,355.79
Unassigned		<u>52,211,348.87</u>
Fund Balance, June 30, 2022		\$ <u>208,459,324.76</u>

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 4% of budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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**NOTE 10: SIGNIFICANT COMMITMENTS**

**Commitments under Construction Contracts**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2022, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2022 (2)	Funding Available From State (1)
20-676-001	\$ 1,009,103.58	\$ 10,893,574.92	\$ 31,226.00
22-676-001	57,531.72	15,280,785.16	230,135.30
23-676-001	402,295.08	159,792.46	258,792.00
23-676-003	1,177,143.89	2,071,562.30	1,059,207.00
23-676-005	2,001,105.71	2,820,950.38	1,869,288.00
23-676-006	2,519,017.84	2,574,508.11	1,869,288.00
23-676-007	1,213,295.02	3,494,187.87	1,869,288.00
23-676-008	1,057,514.80	244,310.51	2,512,896.00
23-676-009	670,638.92	599,156.08	757,605.00
23-676-011	352,467.17	137,884.33	567,343.00
23-676-014	1,333,619.15	15,345.00	593,636.00
23-676-017	406,325.88	3,990.00	97,103.00
23-676-018	1,344,296.40	15,475.00	593,636.00
Bonaire Primary/Elementary Site Upgrades	109,614.02	662,736.07	-
David Perdue Parking and Drive Improvements	91,222.45	405,243.18	-
Elementary #13 - Langston Road Primary	22,406,801.71	4,133,685.38	-
Houston County Aquatic Center	18,926,722.30	995,531.90	-
Houston County High Renovations	144,763.05	25,218.30	-
HVAC Upgrades - Multiple Locations	50,820.40	227,101.60	-
Perry High Fieldhouse	2,101,196.11	800,258.73	-
Veterans High Multipurpose Building	37,974.32	6,460,599.95	-
Warner Robins High HVAC Upgrades	227,397.30	160,722.70	-
Westside Elementary Parking and Drive Improvements	7,464.50	153,850.50	-
	<u>\$ 57,648,331.32</u>	<u>\$ 52,336,470.43</u>	<u>\$ 12,309,443.30</u>

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

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

**NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES**

**Federal Grants**

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

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## 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 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

**Contributions:** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$5,513,840.00 for the year ended June 30, 2022. 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, 2022, the School District reported a liability of \$162,884,053.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 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, 2021. At June 30, 2021, the School District's proportion was 1.503893%, which was an increase of 0.010939% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the School District recognized OPEB expense of (\$958,904.00). At June 30, 2022, 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	\$ -	\$ 74,372,341.00
Changes of assumptions	29,826,583.00	13,291,236.00
Net difference between projected and actual earnings on OPEB plan investments	-	258,283.00
Changes in proportion and difference between School District contributions and proportionate share of contributions	2,968,519.00	1,323,931.00
School District contributions subsequent to the measurement date	<u>5,513,840.00</u>	<u>-</u>
Total	\$ <u>38,308,942.00</u>	\$ <u>89,245,791.00</u>

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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
2023	\$ (15,017,109.00)
2024	\$ (13,605,887.00)
2025	\$ (9,675,054.00)
2026	\$ (6,610,028.00)
2027	\$ (8,884,477.00)
Thereafter	\$ (2,658,134.00)

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**Actuarial Assumptions:** The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 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, 2021:

**OPEB:**

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
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 Pub-2010 Mortality Tables for Males or Females, as appropriate, as follows:

- For TRS members: 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% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and

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adjusted 103% for males and 106% for females) with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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%	0.14%
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 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. 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 (2.16% 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 employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

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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 2.20%, 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 (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the Net OPEB liability	\$ 186,213,003.00	\$ 162,884,053.00	\$ 143,355,515.00

***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	\$ 138,213,434.00	\$ 162,884,053.00	\$ 193,724,267.00

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

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

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

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

***Contributions:*** Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the School District reported an asset of \$183,110.00 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2020. An expected total OPEB asset as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.029734%, which was an increase of 0.003587% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of (\$33,154.00). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEAD - OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 546.00
Changes of assumptions	-	5,708.00
Net difference between projected and actual earnings on pension plan investments	-	61,103.00
Changes in proportion and difference between School District contributions and proportionate share of contributions	-	5,486.00
Total	\$ -	\$ 72,843.00

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

Year Ended June 30:	SEAD-OPEB
2023	\$ (26,272.00)
2024	\$ (15,505.00)
2025	\$ (14,841.00)
2026	\$ (16,225.00)

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**Actuarial Assumptions:** The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

**SEAD – OPEB:**

Inflation	2.50%
Salary increases:	
ERS	3.00% – 6.75%
GJRS	3.75%
LRS	N/A
Investment rate of return	7.300%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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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 returns, net of 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	SEAD - OPEB Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(1.50)%
Domestic large equities	46.40%	9.20%
Domestic small equities	1.10%	13.40%
International developed market equities	11.70%	9.20%
International emerging market equities	5.80%	10.40%
Alternatives	5.00%	10.60%
Total	100.00%	

\* Rates shown are net of inflation

**Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate:** The following presents the School District's proportionate share of the net OPEB asset calculated using the discount rate of 7.00 %, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 %) or 1- percentage-point higher (8.00 %) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$ 144,014.00	\$ 183,110.00	\$ 215,032.00

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

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NOTE 13: RETIREMENT PLANS

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

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

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

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual School District payroll, of which 19.75% of payroll was required from the School District and 0.06% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$39,052,153.84 and \$118,664.02 from the School District and the State, respectively.

**Employees' Retirement System**

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

**Benefits Provided:** The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan

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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, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$93,945.64 for the current fiscal year.

#### Public School Employees Retirement System (PSERS)

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

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

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

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**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 \$687,711.00.

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

At June 30, 2022, the School District reported a liability of \$126,514,724.00 for its proportionate share of the net pension liability for TRS (\$126,200,141.00) and ERS (\$314,583.00).

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

School District's proportionate share of the Net Pension Liability	\$ 126,200,141.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	<u>378,803.00</u>
Total	<u><u>\$ 126,578,944.00</u></u>

The net pension liability for TRS and ERS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 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, 2021.

At June 30, 2021, the School District's TRS proportion was 1.426904%, which was an increase 0.042769% from its proportion measured as of June 30, 2020. At June 30, 2021, the School District's ERS proportion was 0.013450%, which was an increase of 0.001093% from its proportion measured as of June 30, 2020.

At June 30, 2022, 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 \$578,518.00.

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The PSERS net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 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, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$4,038,465.00 for TRS, \$6,715.00 for ERS and \$6,082.00 for PSERS and revenue of (\$21,321.00) for TRS and \$6,082.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2022, 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	\$ 30,115,365.00	\$ -	\$ 7,445.00	\$ -
Changes of assumptions	24,425,629.00	-	90,591.00	-
Net difference between projected and actual earnings on pension plan investments	-	184,595,160.00	-	290,749.00
Changes in proportion and difference between School District contributions and proportionate share of contributions	8,834,035.00	1,266,909.00	26,167.00	5,833.00
School District contributions subsequent to the measurement date	39,052,153.84	-	93,945.64	-
Total	<u>\$ 102,427,182.84</u>	<u>\$ 185,862,069.00</u>	<u>\$ 218,148.64</u>	<u>\$ 296,582.00</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, 2023. 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
2023	\$ (23,042,146.00)	\$ 9,020.00
2024	\$ (21,583,618.00)	\$ (33,080.00)
2025	\$ (33,627,551.00)	\$ (70,658.00)
2026	\$ (44,233,725.00)	\$ (77,661.00)

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

**Actuarial Assumptions:** The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, 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 was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

***Employees' Retirement System:***

Inflation	2.50%
Salary increases	3.00% – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

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 allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	Long-term expected real rate of return*	ERS/PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%	30.00%	(1.50)%
Domestic large stocks	46.30%	9.30%	46.40%	9.20%
Domestic small stocks	1.20%	13.30%	1.10%	13.40%
International developed market stocks	11.50%	9.30%	11.70%	9.20%
International emerging market stocks	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
	<hr/>		<hr/>	
Total	100.00%		100.00%	
	<hr/>		<hr/>	

\* Rates shown are net 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 7.00%. 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.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

***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 7.00%, 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 6.00%) or 1-percentage-point higher (8.25% and 8.00%) than the current rate:

<b>Teachers' Retirement System</b>	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 339,949,747.00	\$ 126,200,141.00	\$ (48,952,910.00)

<b>Employees' Retirement System</b>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 576,465.00	\$ 314,583.00	\$ 93,103.00

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

#### **Defined Contribution Plan**

In July 1999, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected AIG Valic as the provider of this plan. For each employee covered under PSERS, the Board began matching 100% of employee's contributions up to 5.0% of the employee's base pay.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Houston County School District. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

EXHIBIT "G"

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2022	100%	\$ 390,554.92
2021	100%	\$ 368,958.05
2020	100%	\$ 328,048.42

**NOTE 14: TAX ABATEMENTS**

The School District property tax revenues were reduced by \$316,138.15 under agreements entered into by the Houston County Development Authority (Development Authority). The Development Authority issued revenue bonds to provide capital financing for local businesses.

Included in the amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A manufacturing plant expansion. The abatement amounted to \$41,742.31.
- A manufacturing plant expansion. The abatement amounted to \$51,541.51.
- A manufacturing plant expansion. The abatement amounted to \$51,770.98.
- A manufacturing plant expansion. The abatement amounted to \$52,187.85.
- A manufacturing plant expansion. The abatement amounted to \$33,570.42.

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HOUSTON 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
2022	1.426904%	\$ 126,200,141.00	\$ 378,803.00	\$ 126,578,944.00	\$ 186,297,179.27	67.74%	92.03%
2021	1.384135%	\$ 335,291,672.00	\$ 1,022,734.00	\$ 336,314,406.00	\$ 178,898,712.25	187.42%	77.01%
2020	1.371579%	\$ 294,926,572.00	\$ 924,401.00	\$ 295,850,973.00	\$ 167,951,497.07	175.60%	78.56%
2019	1.361385%	\$ 252,702,217.00	\$ 809,495.00	\$ 253,511,712.00	\$ 162,856,788.80	155.17%	80.27%
2018	1.386441%	\$ 257,674,330.00	\$ 875,182.00	\$ 258,549,512.00	\$ 158,922,980.04	162.14%	79.33%
2017	1.478342%	\$ 304,998,438.00	\$ 1,090,354.00	\$ 306,088,792.00	\$ 162,747,774.99	187.41%	76.06%
2016	1.418023%	\$ 215,879,921.00	\$ 852,392.00	\$ 216,732,313.00	\$ 150,299,368.59	143.63%	81.44%
2015	1.412022%	\$ 178,390,355.00	\$ 719,867.00	\$ 179,110,222.00	\$ 144,097,581.27	123.80%	84.03%

HOUSTON 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
2022	\$ 39,052,153.84	\$ 39,052,153.84	\$ -	\$ 197,748,341.21	19.75%
2021	\$ 35,402,025.74	\$ 35,402,025.74	\$ -	\$ 186,297,179.27	19.00%
2020	\$ 37,704,109.06	\$ 37,704,109.06	\$ -	\$ 178,898,712.25	21.08%
2019	\$ 34,992,210.70	\$ 34,992,210.70	\$ -	\$ 167,951,497.07	20.83%
2018	\$ 27,288,902.73	\$ 27,288,902.73	\$ -	\$ 162,856,788.80	16.76%
2017	\$ 22,601,157.09	\$ 22,601,157.09	\$ -	\$ 158,922,980.04	14.22%
2016	\$ 23,141,378.51	\$ 23,141,378.51	\$ -	\$ 162,747,774.99	14.22%
2015	\$ 19,687,721.71	\$ 19,687,721.71	\$ -	\$ 150,299,368.59	13.10%
2014	\$ 17,625,185.67	\$ 17,625,185.67	\$ -	\$ 144,097,581.27	12.23%
2013	\$ 16,298,602.09	\$ 16,298,602.09	\$ -	\$ 143,401,483.17	11.37%

HOUSTON 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
2022	0.013450%	\$ 314,583.00	\$ 322,314.82	97.60%	87.62%
2021	0.012357%	\$ 520,842.00	\$ 311,559.22	167.17%	76.21%
2020	0.013078%	\$ 539,668.00	\$ 329,664.21	163.70%	76.74%
2019	0.016995%	\$ 698,670.00	\$ 440,647.76	158.56%	76.68%
2018	0.018664%	\$ 758,008.00	\$ 457,801.02	165.58%	76.33%
2017	0.018934%	\$ 895,658.00	\$ 440,233.56	203.45%	72.34%
2016	0.018205%	\$ 737,557.00	\$ 416,239.34	177.20%	76.20%
2015	0.017996%	\$ 674,961.00	\$ 405,211.66	166.57%	77.99%

HOUSTON 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
2022	\$ 93,945.64	\$ 93,945.64	\$ -	\$ 381,427.48	24.63%
2021	\$ 78,733.85	\$ 78,733.85	\$ -	\$ 322,314.82	24.43%
2020	\$ 76,830.52	\$ 76,830.52	\$ -	\$ 311,559.22	24.66%
2019	\$ 81,690.76	\$ 81,690.76	\$ -	\$ 329,664.21	24.78%
2018	\$ 109,324.76	\$ 109,324.76	\$ -	\$ 440,647.76	24.81%
2017	\$ 113,580.49	\$ 113,580.49	\$ -	\$ 457,801.02	24.69%
2016	\$ 108,825.61	\$ 108,825.61	\$ -	\$ 440,233.56	24.72%
2015	\$ 91,406.16	\$ 91,406.16	\$ -	\$ 416,239.34	21.96%
2014	\$ 74,802.06	\$ 74,802.06	\$ -	\$ 405,211.66	18.46%
2013	\$ 53,504.66	\$ 53,504.66	\$ -	\$ 359,091.68	14.90%

HOUSTON 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	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
2022	0.00%	\$ -	\$ 578,518.00	\$ 578,518.00	\$ 13,140,581.00	N/A	98.00%
2021	0.00%	\$ -	\$ 4,115,200.00	\$ 4,115,200.00	\$ 12,075,319.50	N/A	84.45%
2020	0.00%	\$ -	\$ 3,693,525.00	\$ 3,693,525.00	\$ 10,829,358.06	N/A	85.02%
2019	0.00%	\$ -	\$ 3,508,395.00	\$ 3,508,395.00	\$ 11,060,129.01	N/A	85.26%
2018	0.00%	\$ -	\$ 3,218,420.00	\$ 3,218,420.00	\$ 10,507,779.29	N/A	85.69%
2017	0.00%	\$ -	\$ 4,098,431.00	\$ 4,098,431.00	\$ 10,489,156.64	N/A	81.00%
2016	0.00%	\$ -	\$ 2,607,682.00	\$ 2,607,682.00	\$ 10,330,432.81	N/A	87.00%
2015	0.00%	\$ -	\$ 2,303,408.00	\$ 2,303,408.00	\$ 10,016,811.88	N/A	88.29%

HOUSTON 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
2022	1.503893%	\$ 162,884,053.00	\$ -	\$ 162,884,053.00	\$ 141,950,956.61	114.75%	6.14%
2021	1.492954%	\$ 219,280,173.00	\$ -	\$ 219,280,173.00	\$ 136,156,580.97	161.05%	3.99%
2020	1.491326%	\$ 183,017,696.00	\$ -	\$ 183,017,696.00	\$ 127,221,476.44	143.86%	4.63%
2019	1.473949%	\$ 187,334,394.00	\$ -	\$ 187,334,394.00	\$ 123,412,244.61	151.80%	2.93%
2018	1.484992%	\$ 208,640,779.00	\$ -	\$ 208,640,779.00	\$ 121,721,036.65	171.41%	1.61%
2017	1.504207%	\$ 222,927,776.00	\$ -	\$ 222,927,776.00	\$ 117,333,618.48	189.99%	0.64%

HOUSTON 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
2022	\$ 5,513,840.00	\$ 5,513,840.00	\$ -	\$ 151,109,718.17	3.65%
2021	\$ 5,594,227.00	\$ 5,594,227.00	\$ -	\$ 141,950,956.61	3.94%
2020	\$ 5,048,822.00	\$ 5,048,822.00	\$ -	\$ 136,156,580.97	3.71%
2019	\$ 8,031,819.00	\$ 8,031,819.00	\$ -	\$ 127,221,476.44	6.31%
2018	\$ 7,665,615.00	\$ 7,665,615.00	\$ -	\$ 123,412,244.61	6.21%
2017	\$ 7,742,869.00	\$ 7,742,869.00	\$ -	\$ 121,721,036.65	6.36%

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

SCHEDULE "8"

For the Year Ended June 30	School District's proportion of the Net OPEB Asset (NOA)	School District's proportionate share of the NOA	School District's covered- employee payroll	School District's proportionate share of the NOA as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.029734%	\$ 183,110.00	\$ 322,314.82	56.81%	164.76%
2021	0.026147%	\$ 74,262.00	\$ 311,559.22	23.84%	129.20%
2020	0.025847%	\$ 73,086.00	\$ 329,664.21	22.17%	129.73%
2019	0.031312%	\$ 84,745.00	\$ 440,647.76	19.23%	129.46%
2018	0.031437%	\$ 81,706.00	\$ 457,801.02	17.85%	130.17%

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

SCHEDULE "9"

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
2022	\$ -	\$ -	\$ -	\$ 381,427.48	0.00%
2021	\$ -	\$ -	\$ -	\$ 322,314.82	0.00%
2020	\$ -	\$ -	\$ -	\$ 311,559.22	0.00%
2019	\$ -	\$ -	\$ -	\$ 329,664.21	0.00%
2018	\$ -	\$ -	\$ -	\$ 440,647.76	0.00%
2017	\$ -	\$ -	\$ -	\$ 457,801.02	0.00%
2016	\$ -	\$ -	\$ -	\$ 440,233.56	0.00%
2015	\$ -	\$ -	\$ -	\$ 416,239.34	0.00%
2014	\$ -	\$ -	\$ -	\$ 405,211.66	0.00%
2013	\$ -	\$ -	\$ -	\$ 359,091.68	0.00%

**Teachers Retirement System**

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

**Changes of assumptions:** 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. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted the Board on March 15, 2018, and most recently amended on June 18, 2020. 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 and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rate of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return of 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

**Public School Employees Retirement System**

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

**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 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).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. 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 and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumption utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

**School OPEB Fund**

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

**Changes in assumptions:** June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement Systems experience study. Approximately 0.10% of employees are members of the Employees Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement Systems experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

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

June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

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, back to 3.58% as of June 30, 2019, and to 2.22% as of June 30, 2022.

HOUSTON COUNTY BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE "10"

**SEAD-OPEB Employer**

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

**Changes of assumptions:** On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018. 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 and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total OPEB Liability.

HOUSTON COUNTY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022

SCHEDULE "11"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
<b>REVENUES</b>				
Property Taxes	\$ 64,200,000.00	\$ 65,250,000.00	\$ 65,659,389.99	\$ 409,389.99
Sales Taxes	32,224,378.00	32,774,378.00	38,134,551.26	5,360,173.26
State Funds	216,783,565.00	236,658,717.00	236,954,611.28	295,894.28
Federal Funds	65,523,058.00	82,789,058.00	75,144,422.40	(7,644,635.60)
Charges for Services	8,949,841.00	5,997,634.00	7,583,069.74	1,585,435.74
Investment Earnings	65,096.00	142,596.00	226,271.94	83,675.94
Miscellaneous	6,344,508.00	6,647,271.00	5,182,629.18	(1,464,641.82)
Total Revenues	394,090,446.00	430,259,654.00	428,884,945.79	(1,374,708.21)
<b>EXPENDITURES</b>				
Current				
Instruction	253,501,655.00	266,307,971.00	259,004,068.70	7,303,902.30
Support Services				
Pupil Services	19,909,856.00	20,603,985.00	18,398,774.81	2,205,210.19
Improvement of Instructional Services	7,691,647.00	7,539,182.00	7,608,095.37	(68,913.37)
Instructional Staff Training	2,811,485.00	3,620,448.00	3,069,804.34	550,643.66
Educational Media Services	4,353,025.00	4,363,025.00	4,359,335.22	3,689.78
General Administration	2,911,315.00	3,258,632.00	2,569,548.73	689,083.27
School Administration	24,047,211.00	24,449,967.00	24,350,185.62	99,781.38
Business Administration	2,525,840.00	2,507,127.00	2,516,939.89	(9,812.89)
Maintenance and Operation of Plant	27,094,691.00	27,467,267.00	26,045,648.92	1,421,618.08
Student Transportation Services	14,700,369.00	15,927,206.00	15,488,078.25	439,127.75
Central Support Services	5,242,662.00	5,213,023.00	5,838,105.95	(625,082.95)
Other Support Services	2,138,134.00	2,429,702.00	1,571,992.11	857,709.89
Enterprise Operations	2,219,512.00	2,554,512.00	2,639,251.68	(84,739.68)
Community Services	1,003,000.00	1,003,000.00	1,016,990.75	(13,990.75)
Food Services Operation	22,084,302.00	25,322,507.00	26,200,635.33	(878,128.33)
Total Expenditures	392,234,704.00	412,567,554.00	400,677,455.67	11,890,098.33
Excess of Revenues over (under) Expenditures	1,855,742.00	17,692,100.00	28,207,490.12	10,515,390.12
<b>OTHER FINANCING SOURCES(USES)</b>				
Other Sources	4,655,132.00	4,842,132.00	-	(4,842,132.00)
Other Uses	(6,155,132.00)	(23,692,132.00)	(19,000,000.00)	4,692,132.00
Total Other Financing Sources (Uses)	(1,500,000.00)	(18,850,000.00)	(19,000,000.00)	(150,000.00)
Net Change in Fund Balances	355,742.00	(1,157,900.00)	9,207,490.12	10,365,390.12
Fund Balances - Beginning	68,276,722.51	74,934,562.99	120,450,739.79	45,516,176.80
Fund Balances - Ending	\$ 68,632,464.51	\$ 73,776,662.99	\$ 129,658,229.91	\$ 55,881,566.92

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 Restricted Other - Property Tax Rollback fund balance in the beginning or ending fund balances.

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.

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	\$ 7,648,489.47
National School Lunch Program	10.555	225GA324N1199	15,141,856.63
COVID-19 - National School Lunch Program	10.555	225GA324N1099	1,140,259.13
Total U. S. Department of Agriculture			<u>23,930,605.23</u>
Education, U. S. Department of			
Impact Aid Cluster			
Direct			
Impact Aid	84.041B		<u>1,191,657.00</u>
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	69,991.00
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	21,753,249.60
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	5,677.00
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	3,944,668.39
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	60,829.24
Total Education Stabilization Fund			<u>25,834,415.23</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	1,548,002.87
Grants to States	84.027A	H027A210073	4,407,383.64
Preschool Grants	84.173A	H173A200081	4,094.74
Preschool Grants	84.173A	H173A210081	132,694.60
Total Special Education Cluster			<u>6,092,175.85</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	25,367.00
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	274,969.00
Education for Homeless Children and Youth	84.196A	S196A210011	46,659.09
English Language Acquisition State Grants	84.365A	S365A200010	25,238.00
English Language Acquisition State Grants	84.365A	S365A210010	103,750.75
Migrant Education - State Grant Program	84.011A	S011A200011	2,049.00
Migrant Education - State Grant Program	84.011A	S011A210011	19,694.39
Student Support and Academic Enrichment Program	84.424A	S424A210011	437,092.75
Supporting Effective Instruction State Grants	84.367A	S367A200001	454,626.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	588,452.12
Title I Grants to Local Educational Agencies	84.010A	S010A200010	451,148.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	6,117,062.72
Total Other Programs			<u>8,546,108.82</u>
Total U. S. Department of Education			<u>41,664,356.90</u>

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Federal Communications Commission, U. S.			
Direct			
COVID-19 - Emergency Connectivity Fund Program	32.009		2,775,909.60
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575		97,392.00
Other Programs			
Pass-Through From Georgia Department of Education			
Substance Abuse and Mental Health Services Projects of			
Regional and National Significance	93.243	H79SM083659	374,333.24
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12. UNKNOWN		380,357.36
Total Expenditures of Federal Awards			\$ 69,222,954.33

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 Houston County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4: Elementary and Secondary School Emergency Relief Fund Activity

For the year ended June 30, 2022, the amount reflected on the Schedule for the Elementary and Secondary School Emergency Relief Fund/American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ALN 84.425D/U) includes \$3,943,545.57 of approved eligible expenditures that were incurred in a prior fiscal year.

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF STATE REVENUE  
YEAR ENDED JUNE 30, 2022

SCHEDULE "13"

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	\$ 5,087,880.16	\$ -	\$ 5,087,880.16
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	7,992,645.00	-	7,992,645.00
Kindergarten Program - Early Intervention Program	3,713,095.00	-	3,713,095.00
Primary Grades (1-3) Program	16,158,714.00	-	16,158,714.00
Primary Grades - Early Intervention (1-3) Program	11,211,525.00	-	11,211,525.00
Upper Elementary Grades (4-5) Program	8,663,590.00	-	8,663,590.00
Upper Elementary Grades - Early Intervention (4-5) Program	6,027,443.00	-	6,027,443.00
Middle School (6-8) Program	18,725,710.00	-	18,725,710.00
High School General Education (9-12) Program	17,093,193.00	-	17,093,193.00
Vocational Laboratory (9-12) Program	5,719,000.00	-	5,719,000.00
Students with Disabilities	29,663,121.00	-	29,663,121.00
Gifted Student - Category VI	17,896,121.00	-	17,896,121.00
Remedial Education Program	5,652,122.00	-	5,652,122.00
Alternative Education Program	1,385,166.00	-	1,385,166.00
English Speakers of Other Languages (ESOL)	1,958,790.00	-	1,958,790.00
Media Center Program	3,703,821.00	-	3,703,821.00
20 Days Additional Instruction	1,065,316.00	-	1,065,316.00
Staff and Professional Development	696,324.00	-	696,324.00
Principal Staff and Professional Development	11,000.00	-	11,000.00
Indirect Cost			
Central Administration	3,933,163.00	-	3,933,163.00
School Administration	7,162,237.00	-	7,162,237.00
Facility Maintenance and Operations	7,837,150.00	-	7,837,150.00
Amended Formula Adjustment	1,094,411.00	-	1,094,411.00
Categorical Grants			
Pupil Transportation			
Regular	1,634,867.10	-	1,634,867.10
Nursing Services	601,195.00	-	601,195.00
Vocational Supervisors	23,340.00	-	23,340.00
Education Equalization Funding Grant	42,290,668.00	-	42,290,668.00
Other State Programs			
Food Services	1,385,576.00	-	1,385,576.00
Hygiene Products	20,473.00	-	20,473.00
Math and Science Supplements	237,577.00	-	237,577.00
Military Counselors	44,978.00	-	44,978.00
One Time QBE Adjustment	6,127,581.00	-	6,127,581.00
Preschool Handicapped Program	540,082.00	-	540,082.00
Pupil Transportation - State Bonds	16,000.00	-	16,000.00
Teachers Retirement	118,664.02	-	118,664.02
Vocational Education	774,362.00	-	774,362.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	2,656,217.70	2,656,217.70
Office of the State Treasurer			
Public School Employees Retirement	687,711.00	-	687,711.00
	\$ 236,954,611.28	\$ 2,656,217.70	\$ 239,610,828.98

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2022

SCHEDULE "14"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
<b><u>2017 ESPLOST</u></b>			
(1) Acquiring instructional and administrative technology equipment and materials;	\$ -	\$ 15,012,184.00	10/31/2022
(2) Acquiring safety, security, and fire protection equipment;	-	1,678,697.00	1/1/2022
(3) Adding to, renovating, repairing, improving, furnishing and equipping existing school buildings, and physical education and other buildings and facilities, including any necessary demolition;	-	37,584,171.00	12/31/2022
(4) Adding to, constructing, renovating, furnishing, and equipping gymnasiums and athletic facilities;	-	56,190,019.00	10/31/2022
(5) Renovations, additions, and improvements to parking and traffic access facilities, including any necessary sitework;	-	7,785,206.00	6/30/2023
(6) Acquiring, constructing, furnishing, and equipping one new elementary school;	-	21,899,492.20	9/30/2021
(7) Acquiring buses, vehicles, and transportation equipment;	-	10,160,487.00	9/30/2022
(8) Acquiring any necessary property, both real and personal; and	-	2,058,042.42	12/31/2020
(9) Paying expenses incident to accomplishing the foregoing.	-	397,417.16	2/28/2022
Subtotal 2017 Projects	135,000,000.00	152,765,715.78	
<b><u>2022 ESPLOST</u></b>			
(1) Acquiring instructional and administrative technology equipment and materials;	-	7,000,000.00	6/30/2027
(2) Acquiring safety, security, and fire protection equipment;	-	3,000,000.00	1/1/2027
(3) Acquiring, adding to, renovating, repairing, improving, furnishing, and equipping existing schools buildings, and other buildings and facilities, including any necessary demolition;	-	93,447,463.00	6/30/2027
(4) Renovations, additions, and improvements to parking and traffic access facilities, including any necessary sitework;	-	-	6/30/2027
(5) Acquiring, constructing, furnishing, and equipping one new middle school and two new elementary schools;	-	89,300,000.00	3/31/2026
(6) Acquiring, constructing, furnishing, and equipping a performing arts center;	-	17,000,000.00	6/30/2027
(7) Acquiring buses, vehicles, and transportation equipment;	-	3,000,000.00	6/30/2027
(8) Acquiring any necessary property, both real and personal; and	-	9,000,000.00	6/30/2027
(9) Paying expenses incident to accomplishing the foregoing.	-	465,000.00	11/30/2026
Subtotal 2022 Projects	190,000,000.00	222,212,463.00	
<b>Total</b>	\$ 325,000,000.00	\$ 374,978,178.78	

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2022

SCHEDULE "14"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
<b><u>2017 ESPLOST</u></b>				
(1) Acquiring instructional and administrative technology equipment and materials;	\$ 1,113,514.87	\$ 13,818,976.35	\$ -	\$ -
(2) Acquiring safety, security, and fire protection equipment;	188,701.39	1,489,995.57	1,678,696.96	0.04
(3) Adding to, renovating, repairing, improving, furnishing and equipping existing school buildings, and physical education and other buildings and facilities, including any necessary demolition;	10,713,873.32	26,134,372.90	-	-
(4) Adding to, constructing, renovating, furnishing, and equipping gymnasiums and athletic facilities;	12,723,525.08	40,297,795.17	-	-
(5) Renovations, additions, and improvements to parking and traffic access facilities, including any necessary sitework;	2,909,566.16	4,312,751.34	-	-
(6) Acquiring, constructing, furnishing, and equipping one new elementary school;	-	21,899,492.20	21,899,492.20	-
(7) Acquiring buses, vehicles, and transportation equipment;	-	7,041,686.75	-	-
(8) Acquiring any necessary property, both real and personal; and	-	2,058,042.42	2,058,042.42	-
(9) Paying expenses incident to accomplishing the foregoing.	6,000.00	391,417.16	397,417.16	-
Subtotal 2017 Projects	<u>27,655,180.82</u>	<u>117,444,529.86</u>	<u>26,033,648.74</u>	<u>0.04</u>
<b><u>2022 ESPLOST</u></b>				
(1) Acquiring instructional and administrative technology equipment and materials;	80,000.00	-	-	-
(2) Acquiring safety, security, and fire protection equipment;	11,957.76	-	-	-
(3) Acquiring, adding to, renovating, repairing, improving, furnishing, and equipping existing schools buildings, and other buildings and facilities, including any necessary demolition;	12,147,262.04	-	-	-
(4) Renovations, additions, and improvements to parking and traffic access facilities, including any necessary sitework;	-	-	-	-
(5) Acquiring, constructing, furnishing, and equipping one new middle school and two new elementary schools;	4,524,982.34	76,951.30	-	-
(6) Acquiring, constructing, furnishing, and equipping a performing arts center;	-	-	-	-
(7) Acquiring buses, vehicles, and transportation equipment;	-	-	-	-
(8) Acquiring any necessary property, both real and personal; and	-	-	-	-
(9) Paying expenses incident to accomplishing the foregoing.	427,114.73	-	-	-
Subtotal 2022 Projects	<u>17,191,316.87</u>	<u>76,951.30</u>	<u>-</u>	<u>-</u>
Total	\$ <u>44,846,497.69</u>	\$ <u>117,521,481.16</u>	\$ <u>26,033,648.74</u>	\$ <u>0.04</u>

(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 Houston County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.

Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	\$ 4,349,543.75
Current Year	<u>470,750.00</u>
Total	\$ <u>4,820,293.75</u>

## **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. Mark Scott, Superintendent and Members of the  
Houston County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Houston County Board of Education (School District) as of and for the year ended June 30, 2022, 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 March 16, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

## **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

March 16, 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. Mark Scott, Superintendent and Members of the  
Houston County Board of Education

### Report on Compliance for Each Major Federal Program

#### ***Opinion on Each Major Federal Program***

We have audited the Houston County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. 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*.

In our opinion, the School District complied, in all material respects, with the 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, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

March 16, 2023

### **Section III**

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

HOUSTON COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

## **Section IV**

### **Findings and Questioned Costs**

HOUSTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:  
▪ Material weakness(es) identified? No  
▪ Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted: No

**Federal Awards**

Internal Control over major programs:  
▪ Material weakness(es) identified? No  
▪ Significant deficiency(ies) identified? None Reported

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

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
32.009	Emergency Connectivity Fund
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$2,076,688.63

Auditee qualified as low-risk auditee? Yes

**II FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.