



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2022

# Washington County Board of Education Sandersville, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



**DOAA**  
Georgia Department  
of Audits & Accounts

# Washington County Board of Education

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**Financial**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Rickey Edmond, Superintendent and Members of the  
Washington County Board of Education

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary activities of the Washington 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, each major fund, and fiduciary activities 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 30, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

March 30, 2023



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

## INTRODUCTION

The discussion and analysis of the Washington County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2022 and June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

## FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2022 and 2021 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by \$30.3 million and \$17.1 million, respectively, for the fiscal years ended June 30, 2022 and 2021.
- The School District had \$35.1 million and \$38.5 million in expenses relating to governmental activities for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. Only \$29.4 million and \$24.8 million of the above-mentioned expenses for 2022 and 2021 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$18.8 million and \$16.9 million, respectively, for 2022 and 2021, along with fund balance were adequate to provide for these programs.
- General revenues account for \$18.8 million in revenue or 39.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$29.4 million or 61.0% of total revenues of \$48.3 million.
- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of \$14.2 million, an increase of \$3.4 million from the June 30, 2021 fund balance of \$10.7 million.
- Among major funds, the general fund had \$43.8 million in revenues and \$40.4 million in expenditures. The fund balance for the general fund increased by \$3.4 million. This increase can be attributed to effective budgeting, expenditure controls, and increased federal revenues.

## 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 School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the 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. The fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

WASHINGTON 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 years ending June 30, 2022 and 2021, 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.

### **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, accounting adjustments as a result of GASB implementation, 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, student activity 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, the capital projects fund, and the debt service fund.

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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

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

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

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2022 and 2021.

**Table 1  
Net Position**

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2022	2022
<b>Assets</b>		
Current and Other Assets	\$ 24,550,963	\$ 31,753,594
Capital Assets, Net	58,359,018	56,441,688
<b>Total Assets</b>	<b>82,909,981</b>	<b>88,195,282</b>
<b>Deferred Outflows of Resources</b>		
Related to Defined Benefit Pension Plans	9,471,277	9,170,015
Related to OPEB Plans	4,191,344	5,026,834
<b>Total Deferred Outflows of Resources</b>	<b>13,662,621</b>	<b>14,196,849</b>
<b>Liabilities</b>		
Current and Other Liabilities	4,448,760	3,926,762
Long-Term Liabilities	78,173	14,371,777
Net Pension Liability	12,555,909	33,638,525
Net OPEB Liability	19,205,764	25,997,765
<b>Total Liabilities</b>	<b>36,288,606</b>	<b>77,934,829</b>
<b>Deferred Inflows of Resources</b>		
Related to Defined Benefit Pension Plans	18,692,396	944,045
Related to OPEB Plans	11,288,854	6,390,887
<b>Total Deferred Inflows of Resources</b>	<b>29,981,250</b>	<b>7,334,932</b>
<b>Net Position</b>		
Net Investment in Capital Assets	57,735,325	42,616,583
Restricted	8,011,337	18,120,228
Unrestricted (Deficit)	(35,443,916)	(43,614,441)
<b>Total Net Position</b>	<b>\$ 30,302,746</b>	<b>\$ 17,122,370</b>

Net position increased \$13.2 million in fiscal year 2022. This increase is primarily due to a 63.0% decrease in Pension Liability, a 26.1% decrease in OPEB Liability, and a 99.4% decrease in long-term liability. Numerous factors can affect the net pension liability from year to year – the nation and local economies, interest rates being paid for investments, the job market, etc. As a result, liability can change greatly from year to year. OPEB liability is sensitive to the changes in the healthcare cost trend rate, rate of return on investments (financial and stock markets), changes in inflation, and the number of employees participating in the healthcare program for the School District. The School District paid off the Qualified School Construction Bond (QSCB) debt in December 2021 to remove a significant portion of the long-term liability balance.

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During fiscal year 2015, the School District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In fiscal year 2018, the implementation of GASB No. 75 coupled with these two statements drastically changed the presentation for the government-wide balance sheet by requiring the reporting of the School District's net pension/OPEB liability and deferred inflows and outflows associated with pension payments and State Health contributions in which the School District participates. The total effect of these changes to fund balance was \$21,777,028 for pensions and \$26,303,274 for OPEB the year ended June 30, 2022. These transactions account for all but \$12,636,386 of the School District's unrestricted net position. Although this causes a large deficit balance in unrestricted net position, it should not be considered a financial weakness as these costs are spread out over multiple years well into the future.

WASHINGTON 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 years ending June 30, 2022 and June 30, 2021.

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

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2022	2021
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 221,944	\$ 164,649
Operating Grants and Contributions	28,998,996	23,922,337
Capital Grants and Contributions	225,501	710,498
Total Program Revenues	<u>29,446,441</u>	<u>24,797,484</u>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	12,705,818	12,325,169
Railroad Cars	91,931	89,345
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	4,186,169	3,254,273
Other Taxes	123,946	92,524
Grants and Contributions not		
Restricted to Specific Programs	437,354	-
Investment Earnings	171,011	345,291
Miscellaneous	1,128,409	798,198
Total General Revenues	<u>18,844,638</u>	<u>16,904,800</u>
Total Revenues	<u>48,291,079</u>	<u>41,702,284</u>
<b>Program Expenses:</b>		
Instruction	19,614,035	22,849,276
Support Services		
Pupil Services	1,352,582	1,693,164
Improvement of Instructional Services	1,855,084	1,940,757
Educational Media Services	253,858	489,861
General Administration	983,442	994,832
School Administration	2,339,275	2,552,599
Business Administration	623,787	690,001
Maintenance and Operation of Plant	3,790,783	3,072,274
Student Transportation Services	2,147,897	1,978,539
Other Support Services	96,599	218,738
Operations of Non-Instructional Services		
Food Services	1,853,161	1,573,189
Interest on Long-Term Debt	200,200	480,480
Total Expenses	<u>35,110,703</u>	<u>38,533,710</u>
Increase in Net Position	<u>\$ 13,180,376</u>	<u>\$ 3,168,574</u>

WASHINGTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased \$4.6 million for governmental activities. This increase is largely due to an increase in funds earned through the Federal Elementary and Secondary School Emergency Relief (ESSER) funds.

General revenues increased by \$1.9 million during fiscal year 2022 due to receipt of more property tax, sales tax, and miscellaneous revenue.

**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 the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2022	2021	2022	2021
Instruction	\$ 19,614,035	\$ 22,849,276	\$ (113,224)	\$ 6,914,783
Support Services:				
Pupil Services	1,352,582	1,693,164	668,823	1,089,331
Improvement of Instructional Services	1,855,084	1,940,757	889,889	1,064,421
Educational Media Services	253,858	489,861	(158,716)	54,305
General Administration	983,442	994,832	331,688	349,157
School Administration	2,339,275	2,552,599	1,031,397	1,641,427
Business Administration	623,787	690,001	253,086	680,862
Maintenance and Operation of Plant	3,790,783	3,072,274	2,742,942	1,822,975
Student Transportation Services	2,147,897	1,978,539	742,867	(76,620)
Other Support Services	96,599	218,738	62,628	127,995
Operations of Non-Instructional Services:				
Food Services	1,853,161	1,573,189	(798,529)	41,948
Interest on Long-Term Debt	200,200	480,480	11,411	25,642
<b>Total Expenses</b>	<b>\$ 35,110,703</b>	<b>\$ 38,533,710</b>	<b>\$ 5,664,262</b>	<b>\$ 13,736,226</b>

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2022, 19.5% of instruction and support activities were supplemented by taxes and other general revenues compared to 37.5% in 2021.

The State's QBE funding does not provide an adequate level of funding to provide basic education services and to adequately maintain facilities. The School District levies a millage rate of 16.793 to provide additional local funding.

WASHINGTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Expenses decreased \$3.4 million from the prior year, the net costs of providing services decreased \$8.1 million. This situation occurred because of the significant decrease in recognized Pension and OPEB expenditures. Federal ESSER funds also contributed to the slight decrease in the cost of providing services.

**FINANCIAL ANALYSIS OF 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 \$51.5 million and expenditures and other financing uses of \$59.2 million. The general fund reflected an increase of \$3.4 million, the debt service fund decreased by \$12.6 million, and the capital projects funds increased \$1.4 million. The change in the fund balance of the general fund indicates the School District was able to satisfy current year expenditure requirements with current year revenues.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2022 and 2021, the School District amended its general fund budget as needed.

For the general fund, the final budgeted revenues of \$43.4 million increased from the original budgeted amount of \$42.7 million by \$640 thousand. This difference was mainly due to an increase in State Funds. The actual revenue was more than the budgeted amount by \$428 thousand. The majority of the variances between the final budget and actual revenue in 2022 are due to property tax collections being more than the budgeted amount. Additionally, miscellaneous revenue was higher due to equalization reclassification from State funds.

The final budgeted expenditures of \$43.4 million were more than the original budgeted amount of \$42.7 million by \$716 thousand. The difference was due to an increase in anticipated instructional costs related to remediation interventions as a result of COVID-19. The actual expenditures and other financing uses of \$41.9 million were \$1.5 million less than budgeted. The difference was due to various adjustments in budgeted expenditure accounts.

**CAPITAL ASSETS**

At the fiscal years ended June 30, 2022 and June 30, 2021, the School District had \$58.4 and \$56.4 million, respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land; buildings; transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

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

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2022	2021
Land	\$ 1,897,391	\$ 1,906,064
Construction In Progress	2,676,643	311,057
Building and Improvements	48,393,806	49,456,631
Equipment	2,330,982	1,639,081
Land Improvements	3,060,196	3,128,855
Total	\$ 58,359,018	\$ 56,441,688



WASHINGTON COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The overall capital assets increased in fiscal year 2022 by \$1.9 million due to an increase of construction in progress.

**DEBT ADMINISTRATION**

The School District did not issue any general obligation bonds in fiscal year 2022. The \$14.3 million Qualified School Construction Bonds (QSCBs) principal payment was paid December 2021. Table 5 shows fiscal year 2022 balances compared with fiscal year 2021 balances.

**Table 5  
Debt at June 30**

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2022	2021
General Obligation Bonds	\$ -	\$ 14,300,000
Compensated Absences	78,173	71,777
Total	\$ 78,173	\$ 14,371,777

**CURRENT ISSUES**

The School District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year. The School District continues to be financially stable as the fund balance continues to exceed the state’s benchmark. The School District’s Quality Basic Education (QBE) program funding from the state increased by 6% or \$936 thousand. \$544 thousand of the increase was designated for a one time supplement for retention supplements. As we moved further into fiscal year 2023, the State’s QBE funding remained relatively the same as fiscal year 2022.

ESSER and other Federal Grants continue to supplement state and local expenditures to provide added assistance to the student population in supporting the School District’s educational initiatives. The School District spent \$6.7 million of ESSER funds in fiscal year 2022. The impact of these funds has enabled the Board to address learning loss, supplement salaries, add positions, provide retention incentives, and purchase needed Covid-related safety supplies, furniture, technology, equipment. Fiscal year 2023 ESSER budgets are currently set to spend \$7.0 million. The Innovative, Gifted, Accelerated, Learning (IGAL) Academy project funded with ESSER III funds will be completed sometime in January 2023. The additional space this facility offers will assist the School District in providing the necessary interventions to address learning loss as a result of COVID-19.

The School District recognized a 29% increase in fiscal year 2022 SPLOST revenue. This was mostly attributed to inflation and an increase in online purchases. Fiscal year 2023 SPLOST revenue collections continue to exceed expectations. If the current revenue trend continues, there is a possibility that the \$18.0 million will be collected prior to the end of the 5 year referendum. These distributions are projected to be spent renovating the Elder Middle School Instructional Facility beginning prior to the end of fiscal year 2023. Other secondary projects will be undertaken upon receipt of sufficient funding. Property tax collections also increased in fiscal year 2022.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Despite challenges in the employment market and obstacles created by the nationwide teacher shortage, addressing learning loss due to the pandemic continues to remain a priority for the School District. The School District continues to look for ways to attract new teachers and retain existing teachers. The Board is optimistic that the marketability of employment in our School District improves with each recognition that is received. In fiscal year 2022 the School District was awarded the Cognia System of Distinction for its fiscal year 2021 accreditation, and the Georgia School Board Association Leading Edge Award for Communications and Public Relations. Fiscal year 2023 also ushered in the Georgia School Board Association Leading Edge Award for the Board's finance department.

The School District is looking forward to a new slate of Board members in January of 2023. All incoming members of the Board will be new to their positions, replacing five members who did not choose to run for re-election. Required training of the new Board members commenced following their election in November of 2022 and will continue following their assumption of office at the January 2023 Board meeting.

The Board of Education remains vigilant in looking for ways to maximize use of current resources and reduce costs to further student's abilities and successes. Addressing learning loss due to the pandemic continues to remain to priority for the School District. In pursuing the preservation of the previously accumulated of fund balance and maintaining a close watch on social and economic factors, the Board will continue to employ sound financial practices while protecting the interests of the students, staff, and the community.

#### **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 Sandra McMaster, Deputy Superintendent or Jasmine Williams, Controller, at the Washington County Board of Education, 501 Industrial Drive, Sandersville, Georgia 31082. You may also email your questions to [scmcmaster@washington.k12.ga.us](mailto:scmcmaster@washington.k12.ga.us) or [jwilliams@washington.k12.ga.us](mailto:jwilliams@washington.k12.ga.us).

**Washington County Board of Education**

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

EXHIBIT "A"

		<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	18,548,967.54
Receivables, Net		
Taxes		880,431.35
State Government		2,238,866.29
Federal Government		2,838,460.40
Other		4,194.90
Inventories		38,367.93
Prepaid Items		1,675.00
Capital Assets, Non-Depreciable		4,574,033.70
Capital Assets, Depreciable (Net of Accumulated Depreciation)		<u>53,784,984.66</u>
Total Assets		<u>82,909,981.77</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		9,471,276.65
Related to OPEB Plan		<u>4,191,344.00</u>
Total Deferred Outflows of Resources		<u>13,662,620.65</u>
 <u>LIABILITIES</u>		
Accounts Payable and Accrued Liabilities		143,170.07
Salaries and Benefits Payable		3,679,568.49
Contracts Payable		387,641.68
Retainages Payable		236,051.60
Deposits and Unearned Revenues		2,328.02
Net Pension Liability		12,555,909.00
Net OPEB Liability		19,205,764.00
Long-Term Liabilities		
Due in More Than One Year		<u>78,173.06</u>
Total Liabilities		<u>36,288,605.92</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		18,692,396.00
Related to OPEB Plan		<u>11,288,854.00</u>
Total Deferred Inflows of Resources		<u>29,981,250.00</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets		57,735,325.08
Restricted for		
Continuation of Federal Programs		2,139,945.42
Capital Projects		5,871,392.02
Unrestricted (Deficit)		<u>(35,443,916.02)</u>
Total Net Position	\$	<u>30,302,746.50</u>

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

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 19,614,034.54	\$ 199,490.62	\$ 19,527,768.10	\$ -	\$ 113,224.18
Support Services					
Pupil Services	1,352,582.44	-	683,759.30	-	(668,823.14)
Improvement of Instructional Services	1,855,084.15	-	952,482.40	12,713.00	(889,888.75)
Educational Media Services	253,858.20	-	412,574.30	-	158,716.10
General Administration	983,441.98	-	651,754.14	-	(331,687.84)
School Administration	2,339,275.26	-	1,307,877.60	-	(1,031,397.66)
Business Administration	623,787.00	-	370,701.07	-	(253,085.93)
Maintenance and Operation of Plant	3,790,783.27	-	1,047,841.58	-	(2,742,941.69)
Student Transportation Services	2,147,897.06	-	1,381,029.61	24,000.00	(742,867.45)
Other Support Services	96,598.70	-	33,971.03	-	(62,627.67)
Operations of Non-Instructional Services					
Food Services	1,853,160.54	22,453.10	2,629,236.45	-	798,529.01
Interest on Long-Term Debt	200,200.00	-	-	188,788.60	(11,411.40)
<b>Total Governmental Activities</b>	<b>\$ 35,110,703.14</b>	<b>\$ 221,943.72</b>	<b>\$ 28,998,995.58</b>	<b>\$ 225,501.60</b>	<b>(5,664,262.24)</b>

General Revenues

Taxes

Property Taxes

    For Maintenance and Operations

12,705,818.69

    Railroad Cars

91,930.72

Sales Taxes

    Special Purpose Local Option Sales Tax

        For Capital Projects

4,186,168.72

    Other Sales Tax

123,945.65

Grants and Contributions not Restricted to Specific Programs

437,354.00

Investment Earnings

171,010.92

Miscellaneous

1,128,409.51

Total General Revenues

18,844,638.21

Change in Net Position

13,180,375.97

Net Position - Beginning of Year

17,122,370.53

Net Position - End of Year

\$ 30,302,746.50

WASHINGTON COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,059,985.01	\$ 5,488,982.53	\$ -	\$ 18,548,967.54
Accounts Receivable, Net				
Taxes	475,781.86	404,649.49	-	880,431.35
State Government	2,238,866.29	-	-	2,238,866.29
Federal Government	2,838,460.40	-	-	2,838,460.40
Other	4,194.90	-	-	4,194.90
Due from Other Funds	22,240.00	-	-	22,240.00
Inventories	38,367.93	-	-	38,367.93
Prepaid Items	1,675.00	-	-	1,675.00
	<u>18,679,571.39</u>	<u>5,893,632.02</u>	<u>-</u>	<u>24,573,203.41</u>
Total Assets	\$ <u>18,679,571.39</u>	\$ <u>5,893,632.02</u>	\$ <u>-</u>	\$ <u>24,573,203.41</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 143,170.07	\$ -	\$ -	\$ 143,170.07
Salaries and Benefits Payable	3,679,568.49	-	-	3,679,568.49
Due to Other Funds	-	22,240.00	-	22,240.00
Contracts Payable	387,641.68	-	-	387,641.68
Retainages Payable	236,051.60	-	-	236,051.60
Deposits and Unearned Revenue	2,328.02	-	-	2,328.02
	<u>4,448,759.86</u>	<u>22,240.00</u>	<u>-</u>	<u>4,470,999.86</u>
Total Liabilities	\$ <u>4,448,759.86</u>	\$ <u>22,240.00</u>	\$ <u>-</u>	\$ <u>4,470,999.86</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	77,784.96	-	-	77,784.96
	<u>77,784.96</u>	<u>-</u>	<u>-</u>	<u>77,784.96</u>
<u>FUND BALANCES</u>				
Nonspendable	40,042.93	-	-	40,042.93
Restricted	2,101,577.49	5,871,392.02	-	7,972,969.51
Assigned	4,288,218.10	-	-	4,288,218.10
Unassigned	7,723,188.05	-	-	7,723,188.05
	<u>14,153,026.57</u>	<u>5,871,392.02</u>	<u>-</u>	<u>20,024,418.59</u>
Total Fund Balances	\$ <u>14,153,026.57</u>	\$ <u>5,871,392.02</u>	\$ <u>-</u>	\$ <u>20,024,418.59</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>18,679,571.39</u>	\$ <u>5,893,632.02</u>	\$ <u>-</u>	\$ <u>24,573,203.41</u>

WASHINGTON 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")	\$	20,024,418.59
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Land	\$	1,897,390.69
Construction in progress		2,676,643.01
Buildings and improvements		64,262,963.62
Equipment		7,672,866.09
Land improvements		4,818,612.09
Accumulated depreciation		<u>(22,969,457.14)</u>
		58,359,018.36
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Net pension liability	\$	(12,555,909.00)
Net OPEB liability		<u>(19,205,764.00)</u>
		(31,761,673.00)
<p>Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.</p>		
Related to pensions	\$	(9,221,119.35)
Related to OPEB		<u>(7,097,510.00)</u>
		(16,318,629.35)
<p>Taxes that are not available to pay for current period expenditures are deferred in the funds.</p>		
		77,784.96
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences payable		<u>(78,173.06)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>30,302,746.50</u></u>

WASHINGTON 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
<b>REVENUES</b>				
Property Taxes	\$ 12,804,029.35	\$ -	\$ -	\$ 12,804,029.35
Sales Taxes	123,945.65	4,186,168.72	-	4,310,114.37
State Funds	17,514,875.48	-	-	17,514,875.48
Federal Funds	11,995,807.78	-	-	11,995,807.78
Charges for Services	221,943.72	-	-	221,943.72
Investment Earnings	10,813.14	11,960.07	148,237.71	171,010.92
Miscellaneous	1,132,641.13	-	226,546.32	1,359,187.45
Total Revenues	<u>43,804,056.25</u>	<u>4,198,128.79</u>	<u>374,784.03</u>	<u>48,376,969.07</u>
<b>EXPENDITURES</b>				
Current				
Instruction	21,925,109.46	85,165.89	-	22,010,275.35
Support Services				
Pupil Services	1,728,314.04	-	-	1,728,314.04
Improvement of Instructional Services	1,889,199.41	-	-	1,889,199.41
Educational Media Services	334,635.22	-	-	334,635.22
General Administration	1,085,138.25	-	-	1,085,138.25
School Administration	2,730,875.04	-	-	2,730,875.04
Business Administration	726,755.22	-	-	726,755.22
Maintenance and Operation of Plant	3,238,988.07	688,085.63	-	3,927,073.70
Student Transportation Services	2,093,710.22	407,130.00	-	2,500,840.22
Other Support Services	96,598.70	-	-	96,598.70
Food Services Operation	1,895,284.88	-	-	1,895,284.88
Capital Outlay	2,600,595.95	31,773.49	-	2,632,369.44
Debt Service				
Principal	-	-	14,300,000.00	14,300,000.00
Interest	-	-	240,240.00	240,240.00
Total Expenditures	<u>40,345,204.46</u>	<u>1,212,155.01</u>	<u>14,540,240.00</u>	<u>56,097,599.47</u>
Revenues over (under) Expenditures	<u>3,458,851.79</u>	<u>2,985,973.78</u>	<u>(14,165,455.97)</u>	<u>(7,720,630.40)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,554,515.10	-	1,578,464.94	3,132,980.04
Transfers Out	(1,578,464.94)	(1,554,515.10)	-	(3,132,980.04)
Total Other Financing Sources (Uses)	<u>(23,949.84)</u>	<u>(1,554,515.10)</u>	<u>1,578,464.94</u>	<u>-</u>
Net Change in Fund Balances	3,434,901.95	1,431,458.68	(12,586,991.03)	(7,720,630.40)
Fund Balances - Beginning	<u>10,718,124.62</u>	<u>4,439,933.34</u>	<u>12,586,991.03</u>	<u>27,745,048.99</u>
Fund Balances - Ending	<u>\$ 14,153,026.57</u>	<u>\$ 5,871,392.02</u>	<u>\$ -</u>	<u>\$ 20,024,418.59</u>



WASHINGTON 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")	\$	(7,720,630.40)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets and right-to-use assets are allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 3,549,347.94	
Depreciation expense	<u>(1,619,786.32)</u>	1,929,561.62
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.</p>		
		(12,231.62)
<p>Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(6,279.94)
<p>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.</p>		
Bond principal retirements		14,300,000.00
<p>Qualified School Construction Bond Interest subsidy recorded as revenue in the statement of activities do not provide current financial resources and therefore are not recorded as revenue in the governmental funds.</p>		
		2,282.28
<p>District pension 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.</p>		
Pension expense	\$ 3,635,526.35	
OPEB expense	<u>1,058,544.00</u>	4,694,070.35
<p>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.</p>		
Compensated absences		<u>(6,396.32)</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>13,180,375.97</u></u>

WASHINGTON COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

EXHIBIT "G"

CUSTODIAL  
FUNDS

ASSETS

Investments	\$	60,920.76
Receivables, Net		
Interest and Dividends		<u>20.46</u>
Total Assets	\$	<u><u>60,941.22</u></u>

NET POSITION

Restricted		
Individuals, Organizations, and Other Governments	\$	<u><u>60,941.22</u></u>

WASHINGTON COUNTY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022

EXHIBIT "H"

	CUSTODIAL FUNDS
<u>ADDITIONS</u>	
Contributions	
Donors	\$ 1,425.00
Investment Earnings	
Interest	216.79
Total Additions	1,641.79
<u>DEDUCTIONS</u>	
Scholarships	2,100.00
Change in Net Position	(458.21)
Net Position - Beginning	61,399.43
Net Position - Ending	\$ 60,941.22

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

**Reporting Entity**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Basis of Presentation**

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

***Government-Wide Statements:***

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

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

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

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

EXHIBIT "I"

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

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

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

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

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Custodial funds are used to report resources held by the School District in a purely custodial capacity.

### **Basis of Accounting**

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

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

EXHIBIT "I"

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

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

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

### **New Accounting Pronouncements**

In fiscal year 2022, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this statement did not have an impact on the School District's financial statements.

### **Cash and Cash Equivalents**

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

### **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.

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

EXHIBIT "I"

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

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

### Receivables

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

### Inventories

#### *Food Inventories*

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

### Prepaid Items

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

### 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	\$	5,000.00	Up to 50 years
Buildings and Improvements	\$	5,000.00	Up to 80 years
Equipment	\$	5,000.00	3 to 20 years
Intangible Assets	\$	300,000.00	10 to 20 years

### Deferred Outflows/Inflows of Resources

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

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

### Compensated Absences

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

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

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

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined



on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

### Fund Balances

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

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

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

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

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

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

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

### Use of Estimates

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

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### Property Taxes

The Washington County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on August 11, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 10, 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 Washington 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 \$11,600,532.28.

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>16.793</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,111,566.35 during fiscal year ended June 30, 2022.

### Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$4,186,168.72 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, except the various school activity (principal) accounts, is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments in any budget function for any fund. Any position or expenditure not previously approved in the annual budget that exceeds \$30,000.00 shall require Board approval unless the Superintendent deems the position or purchase an emergency.

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In such case, the expenditure shall be reported to the Board within 48 hours of the purchase. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS 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 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, the School District had deposits with a carrying amount of \$12,223,026.12, and a bank

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balance of \$13,003,355.09. The bank balances insured by Federal depository insurance were \$530,112.06 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$4,391,403.10.

At June 30, 2022, \$8,081,839.93 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name	\$ <u>8,081,839.93</u>
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Reconciliation of cash and cash equivalents balances to carrying value of deposits:

Cash and cash equivalents Statement of Net Position	\$ 18,548,967.54
Add:	
Deposits with original maturity of three months or more reported as investments	60,920.76
Less:	
Investment pools reported as cash and cash equivalents Georgia Fund 1	<u>6,386,862.18</u>
Total carrying value of deposits - June 30, 2022	\$ <u>12,223,026.12</u>

**Categorization of Cash Equivalents**

The School District reported cash equivalents of \$6,386,862.18 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 AAf 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 July 1, 2021	Increases	Decreases	Transfers	Balances June 30, 2022
Governmental Activities					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 1,906,064.53	\$ -	\$ 8,673.84	\$ -	\$ 1,897,390.69
Construction in Progress	<u>311,057.06</u>	<u>2,600,595.95</u>	<u>-</u>	<u>(235,010.00)</u>	<u>2,676,643.01</u>
 Total Capital Assets					
Not Being Depreciated	<u>2,217,121.59</u>	<u>2,600,595.95</u>	<u>8,673.84</u>	<u>(235,010.00)</u>	<u>4,574,033.70</u>
 Capital Assets,					
Being Depreciated					
Buildings and Improvements	64,216,433.62	11,120.00	-	35,410.00	64,262,963.62
Equipment	6,709,810.05	830,531.99	67,075.95	199,600.00	7,672,866.09
Land Improvements	4,711,512.09	107,100.00	-	-	4,818,612.09
 Less Accumulated					
Depreciation:					
Buildings and Improvements	14,759,802.90	1,109,354.66	-	-	15,869,157.56
Equipment	5,070,729.02	334,672.82	63,518.17	-	5,341,883.67
Land Improvements	<u>1,582,657.07</u>	<u>175,758.84</u>	<u>-</u>	<u>-</u>	<u>1,758,415.91</u>
 Total Capital Assets,					
Being Depreciated, Net	<u>54,224,566.77</u>	<u>(671,034.33)</u>	<u>3,557.78</u>	<u>235,010.00</u>	<u>53,784,984.66</u>
 Governmental Activities					
Capital Assets - Net	<u>\$ 56,441,688.36</u>	<u>\$ 1,929,561.62</u>	<u>\$ 12,231.62</u>	<u>\$ -</u>	<u>\$ 58,359,018.36</u>

Current year depreciation expense by function is as follows:

Instruction		\$ 1,188,293.70
Support Services		
Improvements of Instructional Services	\$ 13,894.48	
Maintenance and Operation of Plant	170,435.78	
Student Transportation Services	<u>210,294.10</u>	394,624.36
Food Services		<u>36,868.26</u>
		<u>\$ 1,619,786.32</u>

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NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

**Interfund Assets and Liabilities**

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2022, consisted of the following:

	Due From Other Funds	Due To Other Funds	
General Fund	\$ 22,240.00	\$ -	
Capital Projects Fund	-	22,240.00	
	\$ 22,240.00	\$ 22,240.00	

An expenditure was reclassified to the general fund after the capital projects fund cash transfer was completed.

**Interfund Transfers**

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

	Transfers From Capital Projects		
Transfers to	General Fund	Fund	Total
General Fund	\$ -	\$ 1,554,515.10	\$ 1,554,515.10
Debt Service Fund	1,578,464.94	-	1,578,464.94
Total	\$ 1,578,464.94	\$ 1,554,515.10	\$ 3,132,980.04

Transfers are used to move property tax revenues collected by the general fund to the debt service fund to pay QSCB off during the fiscal year. Transfers are used to move sales tax revenues collected by the capital projects fund to the general fund to reimburse for funds transferred to the debt service fund.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Qualified School Construction Bonds	\$ 14,300,000.00	\$ -	\$ 14,300,000.00	\$ -	\$ -
Compensated Absences (1)	71,776.74	100,059.00	93,662.68	78,173.06	-
	\$ 14,371,776.74	\$ 100,059.00	\$ 14,393,662.68	\$ 78,173.06	\$ -

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

### Qualified School Construction Bonds (QSCB)

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2022 was \$226,546.32, which funded all but \$13,693.68 of interest expense due on the QSCB. The QSCB Bond was paid in full December 1, 2021 leaving no outstanding debt at June 30, 2022.

### 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; and natural disasters.

#### ***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, errors and omissions liability, cyber risk and property damage, including safety engineering and other loss prevention and control techniques, and to administer the Fund including the processing and defense of claims brought against members of the Fund. The School District pays an annual contribution to the Fund for coverage. Reinsurance is provided to the Fund through agreements by the Fund with insurance companies according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability, errors and omissions, crime, and cyber risk. Reinsurance limits and retentions vary by line of coverage.

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**Workers' Compensation**

***Georgia Education Workers' Compensation Trust***

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

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	\$ -	\$ 3,325.63	\$ 2,815.23	\$ 510.40
2022	\$ 510.40	\$ 5,232.70	\$ 3,942.90	\$ 1,800.20

**Unemployment Compensation**

The School District is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School District. 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	\$ 622.00	\$ 1,079.02	\$ 1,685.76	\$ 15.26
2022	\$ 15.26	\$ -	\$ 15.26	\$ -



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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	\$	38,367.93	
Prepaid Assets		1,675.00	\$ 40,042.93
Restricted			
Continuation of Federal Programs	\$	2,101,577.49	
Capital Projects		5,871,392.02	7,972,969.51
Assigned			
School Activity Accounts	\$	332,321.47	
Self Insurance Reserve		41,459.30	
Other (Committed Contracts)		3,914,437.33	4,288,218.10
Unassigned			7,723,188.05
Fund Balance, June 30, 2022			\$ 20,024,418.59

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

**NOTE 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:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2022 (2)
Innovated, Gifted, Accelerated Learning (IGAL) Academy	\$ 2,440,437.38	\$ 3,047,251.46

(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.

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 \$633,661.00 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 \$19,205,764.00 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 0.177325%, which was an increase of 0.000321% 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 (\$425,110.00). 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	\$ -	\$ 8,769,291.00
Changes of assumptions	3,516,872.00	1,567,178.00
Net difference between projected and actual earnings on OPEB plan investments	-	30,454.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	40,811.00	921,931.00
School District contributions subsequent to the measurement date	633,661.00	-
<b>Total</b>	<b>\$ 4,191,344.00</b>	<b>\$ 11,288,854.00</b>

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	\$ (2,082,722.00)
2024	\$ (1,896,022.00)
2025	\$ (1,390,983.00)
2026	\$ (946,139.00)
2027	\$ (1,095,793.00)
Thereafter	\$ (319,512.00)

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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 scaled 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 adjust 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 with 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 Fund, 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	\$ 21,956,496.00	\$ 19,205,764.00	\$ 16,903,142.00

**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	\$ 16,296,836.00	\$ 19,205,764.00	\$ 22,842,154.00

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

**NOTE 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 19.72% of payroll was required from the School District and 0.09% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$3,650,042.93 and \$15,853.69 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 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 \$52,820.72 for the current fiscal year.

### Public School Employees Retirement System (PSERS)

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

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

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

**Contributions:** The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and 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 \$57,753.00.

### ***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 \$12,555,909.00 for its proportionate share of the net pension liability for TRS (\$12,270,539.00) and ERS (\$285,370.00).



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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	\$	12,270,539.00
State of Georgia's proportionate share of the net pension liability associated with the School District		<u>82,252.00</u>
Total	\$	<u>12,352,791.00</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 0.138739%, which was an increase of 0.002379% from its proportion measured as of June 30, 2020. At June 30, 2021, the School District's ERS proportion was 0.012201%, which was a decrease of 0.002199% 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 \$41,811.00.

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 \$129,872.00 for TRS, (\$9,065.00) for ERS and \$440.00 for PSERS and revenue of \$35,546.00 for TRS and \$440.00 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.

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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	\$ 2,928,141.00	\$ -	\$ 6,753.00	\$ -
Changes of assumptions	2,374,923.00	-	82,178.00	-
Net difference between projected and actual earnings on pension plan investments	-	17,948,333.00	-	263,749.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	376,418.00	414,670.00	-	65,644.00
School District contributions subsequent to the measurement date	<u>3,650,042.93</u>	<u>-</u>	<u>52,820.72</u>	<u>-</u>
Total	<u>\$ 9,329,524.93</u>	<u>\$ 18,363,003.00</u>	<u>\$ 141,751.72</u>	<u>\$ 329,393.00</u>

The School District contributions subsequent to the measurement date for TRS and 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	\$ (2,554,313.00)	\$ (54,072.00)
2024	\$ (2,390,850.00)	\$ (51,844.00)
2025	\$ (3,384,264.00)	\$ (64,097.00)
2026	\$ (4,354,094.00)	\$ (70,449.00)

**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

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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

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

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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.

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:

<u>Asset class</u>	<u>TRS Target allocation</u>	<u>Long-term expected real rate of return*</u>	<u>ERS/PSERS Target allocation</u>	<u>Long-term expected real rate of return*</u>
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%
Total	<u>100.00%</u>		<u>100.00%</u>	

\* 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.

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**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.00%, 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	\$ 33,053,582.00	\$ 12,270,539.00	\$ (4,759,730.00)
<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	\$ 522,933.00	\$ 285,370.00	\$ 84,457.00

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

**Defined Contribution Plan**

In 1982 the Washington County Board of Education began a tax deferred annuity plan under Internal Revenue Code Section 403(b) for its employees. This plan was established in order to provide retirement benefits in lieu of Social Security.

The Board selected Lincoln National Life (Lincoln Alliance) as the provider of this plan from 1986 until currently. Certain contributions are required of all employees and are based on a percentage of earnings. For full-time employees, the employee and the Board contribute equally to the plan. All employees may contribute equally to the plan. All employees may contribute additional amounts on a voluntary basis as a pre-tax contribution or an after-tax Roth contribution.

Full-time employees become vested in the board's contributions to the plan upon completing three years of service. Employee contributions are always vested. If an employee terminates before becoming vested, the Board's contributions and earnings are forfeited. Annually the accumulated forfeited balances are redistributed as a contribution to the accounts of active and vested employees of the Board.

Employee-required contributions and earnings are available to the employees upon termination of service. Employee voluntary contributions are available upon reaching 59.5 or termination of service, and under which certain circumstances, are available as loans or hardship distributions while employed.

Employer contributions and earnings are available to the employee upon termination of service but are only available in the form of a periodic retirement income payment such as a life-time annuity.

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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%	\$ 1,209,151.92
2021	100%	\$ 1,145,140.87
2020	100%	\$ 1,083,050.08

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WASHINGTON 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	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.138739%	\$ 12,270,539.00	\$ 82,252.00	\$ 12,352,791.00	\$ 18,172,148.85	67.52%	92.03%
2021	0.136360%	\$ 33,031,487.00	\$ 214,866.00	\$ 33,246,353.00	\$ 17,636,013.75	187.30%	77.01%
2020	0.136520%	\$ 29,355,707.00	\$ 196,105.00	\$ 29,551,812.00	\$ 16,769,793.10	175.05%	78.56%
2019	0.140010%	\$ 25,988,484.00	\$ 164,089.00	\$ 26,152,573.00	\$ 16,782,028.88	154.86%	80.27%
2018	0.143440%	\$ 26,659,323.00	\$ -	\$ 26,659,323.00	\$ 16,517,988.13	161.40%	79.33%
2017	0.149570%	\$ 30,857,959.00	\$ -	\$ 30,857,959.00	\$ 16,408,284.78	188.06%	76.06%
2016	0.154980%	\$ 23,594,166.00	\$ 3,654.00	\$ 23,597,820.00	\$ 16,358,532.80	144.23%	81.44%
2015	0.157540%	\$ 19,903,227.00	\$ 11,370.00	\$ 19,914,597.00	\$ 16,076,604.30	123.80%	84.03%



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 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	\$ 3,650,042.93	\$ 3,650,042.93	\$ -	\$ 18,510,595.15	19.72%
2021	\$ 3,440,559.42	\$ 3,440,559.42	\$ -	\$ 18,172,148.85	18.93%
2020	\$ 3,704,071.31	\$ 3,704,071.31	\$ -	\$ 17,636,013.75	21.00%
2019	\$ 3,483,777.95	\$ 3,483,777.95	\$ -	\$ 16,769,793.10	20.77%
2018	\$ 2,803,332.82	\$ 2,803,332.82	\$ -	\$ 16,782,028.88	16.70%
2017	\$ 2,356,951.47	\$ 2,356,951.47	\$ -	\$ 16,517,988.13	14.27%
2016	\$ 2,331,602.93	\$ 2,331,602.93	\$ -	\$ 16,408,284.78	14.21%
2015	\$ 2,143,676.63	\$ 2,143,676.63	\$ -	\$ 16,358,532.80	13.10%

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

SCHEDULE "3"

<u>For the Year Ended June 30</u>	<u>School District's proportion of the net pension liability</u>	<u>School District's proportionate share of the net pension liability</u>	<u>School District's covered payroll</u>	<u>School District's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability</u>
2022	0.012201%	\$ 285,370.00	\$ 298,645.09	95.55%	87.62%
2021	0.014400%	\$ 607,038.00	\$ 363,114.22	167.18%	76.21%
2020	0.016000%	\$ 660,369.00	\$ 403,397.19	163.70%	76.74%
2019	0.015620%	\$ 642,020.00	\$ 398,327.26	161.18%	76.68%
2018	0.013830%	\$ 561,480.00	\$ 339,113.13	165.57%	76.33%
2017	0.011680%	\$ 552,655.00	\$ 268,569.08	205.78%	72.34%
2016	0.011220%	\$ 454,526.00	\$ 259,795.63	174.96%	76.20%
2015	0.010970%	\$ 411,443.00	\$ 247,001.64	166.58%	77.99%

WASHINGTON 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	\$ 52,820.72	\$ 52,820.72	\$ -	\$ 214,456.81	24.63%
2021	\$ 73,645.88	\$ 73,645.88	\$ -	\$ 298,645.09	24.66%
2020	\$ 89,543.95	\$ 89,543.95	\$ -	\$ 363,114.22	24.66%
2019	\$ 99,961.83	\$ 99,961.83	\$ -	\$ 403,397.19	24.78%
2018	\$ 98,824.99	\$ 98,824.99	\$ -	\$ 398,327.26	24.81%
2017	\$ 83,745.12	\$ 83,745.12	\$ -	\$ 339,113.13	24.70%
2016	\$ 66,377.28	\$ 66,377.28	\$ -	\$ 268,569.08	24.72%
2015	\$ 57,051.08	\$ 57,051.08	\$ -	\$ 259,795.63	21.96%

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

SCHEDULE "5"

For the Year Ended June 30	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00%	\$ -	\$ 41,811.00	\$ 41,811.00	\$ 652,099.17	N/A	98.00%
2021	0.00%	\$ -	\$ 330,232.00	\$ 330,232.00	\$ 698,031.61	N/A	84.45%
2020	0.00%	\$ -	\$ 310,180.00	\$ 310,180.00	\$ 693,600.62	N/A	85.02%
2019	0.00%	\$ -	\$ 289,352.00	\$ 289,352.00	\$ 615,744.39	N/A	85.26%
2018	0.00%	\$ -	\$ 269,563.00	\$ 269,563.00	\$ 605,153.00	N/A	85.69%
2017	0.00%	\$ -	\$ 373,077.00	\$ 373,077.00	\$ 605,656.79	N/A	81.00%
2016	0.00%	\$ -	\$ 239,268.00	\$ 239,268.00	\$ 566,390.23	N/A	87.00%
2015	0.00%	\$ -	\$ 215,664.00	\$ 215,664.00	\$ 572,861.02	N/A	88.29%

WASHINGTON 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	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.177325%	\$ 19,205,764.00	\$ -	\$ 19,205,764.00	\$ 16,856,908.14	113.93%	6.14%
2021	0.177004%	\$ 25,997,765.00	\$ -	\$ 25,997,765.00	\$ 15,506,547.29	167.66%	3.99%
2020	0.180312%	\$ 22,128,151.00	\$ -	\$ 22,128,151.00	\$ 14,876,403.47	148.75%	4.63%
2019	0.183672%	\$ 23,344,147.00	\$ -	\$ 23,344,147.00	\$ 14,528,431.99	160.68%	2.93%
2018	0.186420%	\$ 26,191,935.00	\$ -	\$ 26,191,935.00	\$ 14,159,685.42	184.98%	1.61%

WASHINGTON 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	\$ 633,661.00	\$ 633,661.00	\$ -	\$ 17,804,462.44	3.56%
2021	\$ 659,621.00	\$ 659,621.00	\$ -	\$ 16,856,908.14	3.91%
2020	\$ 598,586.00	\$ 598,586.00	\$ -	\$ 15,506,547.29	3.86%
2019	\$ 971,104.00	\$ 971,104.00	\$ -	\$ 14,876,403.47	6.53%
2018	\$ 951,959.00	\$ 951,959.00	\$ -	\$ 14,528,431.99	6.55%
2017	\$ 972,007.00	\$ 972,007.00	\$ -	\$ 14,159,685.42	6.86%

**Teachers Retirement System**

**Change 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:** 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.

**Public School Employees Retirement System**

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

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

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

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

**School OPEB Fund**

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

**Changes in assumptions:**

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 to 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.

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

SCHEDULE "9"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
<b>REVENUES</b>				
Property Taxes	\$ 12,534,704.00	\$ 12,534,704.00	\$ 12,804,029.35	\$ 269,325.35
Sales Taxes	85,296.00	85,296.00	123,945.65	38,649.65
State Funds	16,383,462.59	17,485,017.12	17,514,875.48	29,858.36
Federal Funds	12,642,581.14	11,806,077.78	11,995,807.78	189,730.00
Charges for Services	703,845.00	1,038,851.03	221,943.72	(816,907.31)
Investment Earnings	2,000.00	5,000.00	10,813.14	5,813.14
Miscellaneous	384,400.00	421,387.06	1,132,641.13	711,254.07
Total Revenues	<u>42,736,288.73</u>	<u>43,376,332.99</u>	<u>43,804,056.25</u>	<u>427,723.26</u>
<b>EXPENDITURES</b>				
Current				
Instruction	23,308,230.20	23,610,056.90	21,925,109.46	1,684,947.44
Support Services				
Pupil Services	1,731,826.06	1,732,444.58	1,728,314.04	4,130.54
Improvement of Instructional Services	1,841,389.38	1,991,859.03	1,889,199.41	102,659.62
Educational Media Services	418,596.40	433,001.40	334,635.22	98,366.18
General Administration	1,055,524.13	1,089,869.48	1,085,138.25	4,731.23
School Administration	2,701,052.97	2,811,803.97	2,730,875.04	80,928.93
Business Administration	747,564.26	768,834.26	726,755.22	42,079.04
Maintenance and Operation of Plant	2,841,620.57	3,364,122.51	3,238,988.07	125,134.44
Student Transportation Services	2,231,096.93	2,363,760.28	2,093,710.22	270,050.06
Central Support Services	80,895.77	80,895.77	-	80,895.77
Other Support Services	91,984.00	99,493.00	96,598.70	2,894.30
Food Services Operation	2,050,461.00	2,665,646.98	1,895,284.88	770,362.10
Capital Outlay	3,560,000.00	2,364,545.00	2,600,595.95	(236,050.95)
Total Expenditures	<u>42,660,241.67</u>	<u>43,376,333.16</u>	<u>40,345,204.46</u>	<u>3,031,128.70</u>
Excess of Revenues over (under) Expenditures	<u>76,047.06</u>	<u>(0.17)</u>	<u>3,458,851.79</u>	<u>3,458,851.96</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Other Sources	-	-	1,554,515.10	1,554,515.10
Other Uses	-	-	(1,578,464.94)	(1,578,464.94)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(23,949.84)</u>	<u>(23,949.84)</u>
Net Change in Fund Balances	76,047.06	(0.17)	3,434,901.95	3,434,902.12
Fund Balances - Beginning	10,802,189.52	10,802,189.52	10,718,124.62	(84,064.90)
Adjustments	<u>(48,959.99)</u>	<u>(10,592.06)</u>	<u>-</u>	<u>10,592.06</u>
Fund Balances - Ending	<u>\$ 10,829,276.59</u>	<u>\$ 10,791,597.29</u>	<u>\$ 14,153,026.57</u>	<u>\$ 3,361,429.28</u>

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

(1) Original and Final Budget amounts do include the budgeted revenues or expenditures of the various principal accounts.

The actual revenues and expenditures of the various principal accounts are \$1,098,603.69 and \$1,092,489.42, respectively.

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



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

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	FEDERAL EXPENDITURES
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	\$ 538,147.11
National School Lunch Program	10.555	215GA324N1199	877,013.21
COVID-19 - National School Lunch Program	10.555	225GA324N1099	194,281.30
Total U. S. Department of Agriculture			<u>1,609,441.62</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	205,626.97
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	3,370,682.94
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	2,774,844.66
Total Education Stabilization Fund			<u>6,351,154.57</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A210073	666,474.88
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	159,849.00
Preschool Grants	84.173A	H173A210081	25,653.00
COVID-19 - American Rescue Plan - Preschool Grants	84.173X	H173X210081	10,318.00
Total Special Education Cluster			<u>862,294.88</u>
Other Programs			
Direct			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	46,101.83
Rural and Low-Income School Program	84.358B	S358B200010	2,807.00
Rural and Low-Income School Program	84.358B	S358B210010	70,242.31
Student Support and Academic Enrichment Program	84.424A	S424A210011	124,197.00
Supporting Effective Instruction State Grants	84.367A	S367A200001	204.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	165,971.00
Title I Grants to Local Educational Agencies	84.010A	S010A200010	15,477.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	1,695,536.00
Total Other Programs			<u>2,120,536.14</u>
Total U. S. Department of Education			<u>9,333,985.59</u>
Federal Communications Commission, U.S.			
Direct			
Emergency Connectivity Fund Program	32.009		<u>65,835.00</u>
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	2110GACCC5	<u>12,174.00</u>
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.UNKNOWN		<u>16,981.01</u>
Total Expenditures of Federal Awards			<u>\$ 11,038,417.22</u>

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 Washington 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 \$76,047.50 of approved eligible expenditures that were incurred in a prior fiscal year.

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

SCHEDULE "11"

<u>AGENCY/FUNDING</u>	GOVERNMENTAL FUND TYPE
GRANTS	GENERAL FUND
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 349,538.12
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	934,615.00
Kindergarten Program - Early Intervention Program	47,602.00
Primary Grades (1-3) Program	2,082,452.00
Primary Grades - Early Intervention (1-3) Program	284,505.00
Upper Elementary Grades (4-5) Program	861,856.00
Upper Elementary Grades - Early Intervention (4-5) Program	316,931.00
Middle School (6-8) Program	1,961,475.00
High School General Education (9-12) Program	1,649,381.00
Vocational Laboratory (9-12) Program	624,458.00
Students with Disabilities	2,760,578.00
Gifted Student - Category VI	683,867.00
Remedial Education Program	277,755.00
Alternative Education Program	142,474.00
English Speakers of Other Languages (ESOL)	35,831.00
Media Center Program	326,768.00
20 Days Additional Instruction	100,664.00
Staff and Professional Development	58,676.00
Principal Staff and Professional Development	1,093.00
Indirect Cost	
Central Administration	506,034.00
School Administration	671,264.00
Facility Maintenance and Operations	700,206.00
Mid-term Adjustment Hold-Harmless	58,994.00
Amended Formula Adjustment	101,078.00
HB 190 State Salary Supplement	543,772.00
Categorical Grants	
Pupil Transportation	
Regular	654,895.00
Nursing Services	61,700.00
Vocational Supervisors	5,835.00
Education Equalization Funding Grant	437,354.00
Other State Programs	
Food Services	119,042.00
Hygiene Products in Georgia Schools	2,090.00
Math and Science Supplements	4,929.00
Preschool Disability Services	14,299.98
Teachers Retirement	15,853.69
Vocational Education	35,256.69
Vocational Construction Related Equipment - State Bonds	24,000.00
Office of the State Treasurer	
Public School Employees Retirement	57,753.00
	\$ 17,514,875.48

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

SCHEDULE "12"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
<b><u>PROJECT 2016 - 2021 ESPLOST</u></b>			
<p>The (i) paying a portion of the debt service payments due on outstanding Washington County School District (Georgia) General Obligation Bond, Series 2011B, the maximum amount of total debt service to be paid shall not exceed \$10,000,000.00; (ii) adding, renovating, repairing, improving, furnishing, equipping, demolishing and completing existing school buildings and other buildings and facilities useful and desirable in connection wherewith, including, but not limited to, physical education/athletic fields and facilities, paving and technology infrastructures; (iii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software; (iv) acquiring, constructing and equipping new school buildings and other buildings and facilities useful and desirable; (v) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment; (vi) acquiring textbooks and instructional materials and equipment; and (vii) acquiring any necessary or desirable property, both real and personal.</p>			
<b><u>Debt Service</u></b>			
(i) Debt service	\$ 10,000,000.00	\$ 10,000,000.00	11/30/2021
<b><u>Capital Outlay</u></b>			
(ii) adding, renovating, repairing, improving, furnishing, equipping demolishing and completing existing school buildings and other buildings and facilities,	1,424,934.22	1,424,934.22	6/30/2022
(iii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software,	168,048.27	168,048.27	6/30/2022
(v) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment	1,047,308.58	1,047,308.58	6/30/2022
(vi) acquiring textbooks and instructional materials and equipment	350,369.64	350,369.64	6/30/2022
<b><u>Future Projects</u></b>			
(iv) Other projects	10,009,339.29	2,009,339.29	6/30/2023
2016 - 2021 ESPLOST Total	23,000,000.00	15,000,000.00	

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

SCHEDULE "12"

	AMOUNT EXPENDED IN CURRENT YEAR (3)(4)	AMOUNT EXPENDED IN PRIOR YEARS (3)(4)	TOTAL COMPLETION COST (6)	EXCESS PROCEEDS NOT EXPENDED (5)
<b><u>PROJECT 2016 - 2021 ESPLOST</u></b>				
The (i) paying a portion of the debt service payments due on outstanding Washington County School District (Georgia) General Obligation Bond, Series 2011B, the maximum amount of total debt service to be paid shall not exceed \$10,000,000.00; (ii) adding, renovating, repairing, improving, furnishing, equipping, demolishing and completing existing school buildings and other buildings and facilities useful and desirable in connection wherewith, including, but not limited to, physical education/ athletic fields and facilities, paving and technology infrastructures; (iii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software; (iv) acquiring, constructing and equipping new school buildings and other buildings and facilities useful and desirable; (v) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment; (vi) acquiring textbooks and instructional materials and equipment; and (vii) acquiring any necessary or desirable property, both real and personal.				
<b><u>Debt Service</u></b>				
(i) Debt service	\$ 1,532,275.10	\$ 8,467,724.90	\$ 10,000,000.00	\$ -
<b><u>Capital Outlay</u></b>				
(ii) adding, renovating, repairing, improving, furnishing, equipping demolishing and completing existing school buildings and other buildings and facilities,	554,662.08	870,272.14	1,424,934.22	-
(iii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software,	121,825.41	46,222.86	168,048.27	-
(v) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment	483,479.39	563,829.19	1,047,308.58	-
(vi) acquiring textbooks and instructional materials and equipment	52,188.13	298,181.51	350,369.64	-
<b><u>Future Projects</u></b>				
(iv) Other projects	-	-	-	2,009,339.29
2016 - 2021 ESPLOST Total	2,744,430.11	10,246,230.60	12,990,660.71	2,009,339.29

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

SCHEDULE "12"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
<b><u>PROJECT 2021-2026 ESPLOST</u></b>			
<p>The purpose of raising not more than \$18,000,000.00 of net proceeds by said tax, which shall go to the School District for the purpose of (i) adding to, renovating, repairing, improving, furnishing, equipping, demolishing and completing existing school buildings and other buildings and facilities useful and desirable in connection therewith, including, but not limited to, physical education/athletic fields and facilities, paving and technology infrastructures; (ii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software; (iii) acquiring, constructing and equipping new school buildings and other buildings and facilities useful and desirable; (iv) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment; (v) acquiring textbooks and instructional materials and equipment; and (vi) acquiring any necessary or desirable property, both real and personal, the maximum amount of the projects to be paid with sales and use tax proceeds will be \$18,000,000.00.</p>			
	-	-	
<b><u>Future Projects</u></b>			
(iv) Other projects	18,000,000.00	18,000,000.00	6/30/2026
2021 - 2026 ESPLOST Total	18,000,000.00	18,000,000.00	
ESPLOST Grand Total	\$ 41,000,000.00	\$ 33,000,000.00	

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

SCHEDULE "12"

	AMOUNT EXPENDED IN CURRENT YEAR (3)(4)	AMOUNT EXPENDED IN PRIOR YEARS (3)(4)	TOTAL COMPLETION COST (6)	EXCESS PROCEEDS NOT EXPENDED (5)
<b><u>PROJECT 2021-2026 ESPLOST</u></b>				
The purpose of raising not more than \$18,000,000 of net proceeds by said tax, which shall go to the School District for the purpose of (i) adding to, renovating, repairing, improving, furnishing, equipping, demolishing and completing existing school buildings and other buildings and facilities useful and desirable in connection therewith, including, but not limited to, physical education/athletic fields and facilities, paving and technology infrastructures; (ii) acquiring technology improvements, including safety and security improvements, computer technology, hardware and software; (iii) acquiring, constructing and equipping new school buildings and other buildings and facilities useful and desirable; (iv) acquiring new school equipment, including, but not limited to, new buses, maintenance vehicles and equipment; (v) acquiring textbooks and instructional materials and equipment; and (vi) acquiring any necessary or desirable property, both real and personal, the maximum amount of the projects to be paid with sales and use tax proceeds will be \$18,000,000.	-	-	-	-
<b><u>Future Projects</u></b>				
(iv) Other projects	-	-	-	18,000,000.00
2021 - 2026 ESPLOST Total	-	-	-	18,000,000.00
 ESPLOST Grand Total	\$ 2,744,430.11	\$ 10,246,230.60	\$ 12,990,660.71	\$ 20,009,339.29

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.  
This is the maximum amount to be contributed to the total project cost from this ESPLOST.
- (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 Washington 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 for the above projects as follows:

Prior Years	\$ 2,402,400.00
Current Year	240,240.00
 Total	 \$ 2,642,640.00

Of the Total Interest stated above, \$2,482,643.19 has been reimbursed from Federal Funds.

- (5) The unexpended funds remaining are available for use as approved in the original referendum.
- (6) The Total Completion Cost indicates cost to date. Project is ongoing and further expenditures will be incurred.



## **Section II**

### **Compliance and Internal Control Reports**



**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. Rickey Edmond, Superintendent and Members of the  
Washington County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Washington 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 30, 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,



Greg S. Griffin  
State Auditor

March 30, 2023



**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. Rickey Edmond, Superintendent and Members of the  
Washington County Board of Education

**Report on Compliance for Each Major Federal Program**

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

We have audited the Washington 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 written in a cursive, flowing style.

Greg S. Griffin  
State Auditor

March 30, 2023

### **Section III**

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

WASHINGTON 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**

WASHINGTON 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, Each Major Fund, and  
 Fiduciary Activities Unmodified

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

Noncompliance material to financial statements noted: No

**Federal Awards**

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

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

Any audit findings disclosed that are required to be reported in  
 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>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

**II FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.