



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2023

# City of Pelham Board of Education Mitchell County, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



**DOAA**  
Georgia Department  
of Audits & Accounts

# City of Pelham Board of Education

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**Section I**

**Financial**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Mr. Floyd Fort, Superintendent and Members of the  
City of Pelham Board of Education

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Pelham Board of Education (School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's **basic financial statements as listed in the table of contents**.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2023, 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 May 24, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's **internal control over financial reporting or on compliance**. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's **internal control over financial reporting and compliance**.

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

Respectfully submitted,



Greg S. Griffin  
State Auditor

May 24, 2024

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**CITY OF PELHAM BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

## **INTRODUCTION**

The discussion and analysis of the City of Pelham Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2023 are as follows:

- The total assets and deferred outflows of resources of the School District increased by \$7.9 million which is primarily due to increases in the pension deferred outflows of resources and capital assets.
- Total liabilities and deferred inflows of resources increased for the year by \$5.5 million. The increase is primarily due to change in pension obligation.
- The combination of the increase in total assets and deferred outflows of resources of \$7.9 million and the increase in total liabilities and deferred inflows of resources of \$5.5 million yields an increase in net position of \$2.4 million.
- At June 30, 2023, the School District's general fund reported a fund balance of \$4.7 million, compared to \$4.8 million in the last fiscal year, a 1.1% decrease. Of this total, \$3.9 million represents unassigned fund balance.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. It is important to note that this statement consolidates the School District's current financial resources (short term) with capital assets and long-term liabilities.

The Statement of Activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, etc.).

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Governmental Funds**

The School District's activities are reported in governmental funds focusing on how money flows in and out of those funds and the balances left at year-end available for spending in future periods. 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 you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, School District assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.5 million.

The largest portion of the School District's net position is a \$23.4 million net investment in capital assets (e.g., buildings, land, land improvements, and equipment less any related debt used to acquire those assets that remain outstanding). The School District uses the capital assets to provide services to our students, faculty, and community; consequently, these assets are not available for future spending.

An additional portion of the School District's total net position totaling \$2.5 million represents resources that are subject to external restrictions on how they may be used. Comprising the majority of restricted net position is net position accumulated for use in capital outlay projects, representing 59.5% of total restricted net position, with the balance held for ongoing federal programs and debt service.

Unrestricted net position is a deficit of \$21.4 million, due primarily to the recording of net pension and OPEB liabilities and related deferred inflows and outflows of resources.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following table details the major categories of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position with a comparison to the prior fiscal year.

Table 1  
Net Position  
(In Thousands)

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
<b>Assets</b>		
Current and Other Assets	\$ 10,179	\$ 9,926
Subscription Right-to-Use Assets, Net	109	-
Capital Assets, Net	28,905	26,803
<b>Total Assets</b>	<b>39,193</b>	<b>36,729</b>
<b>Deferred Outflows of Resources</b>		
	11,894	6,447
<b>Liabilities</b>		
Current and Other Liabilities	2,684	1,842
Long-Term Liabilities	37,191	24,008
<b>Total Liabilities</b>	<b>39,875</b>	<b>25,850</b>
<b>Deferred Inflows of Resources</b>		
	6,666	15,182
<b>Net Position</b>		
Net Investments in Capital Assets	23,399	22,727
Restricted	2,497	1,565
Unrestricted (Deficit)	(21,350)	(22,148)
<b>Total Net Position</b>	<b>\$ 4,546</b>	<b>\$ 2,144</b>

**Changes in Net Position From Operating Results**

- Net position increased \$2.4 million from operating results in the fiscal year ended June 30, 2023 compared to an increase of \$3.7 million in the prior fiscal year.

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Key elements of this increase are as follows on the next table:

Table 2  
Changes in Net Position  
(In Thousands)

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
Revenues		
Program Revenues		
Charges for Services	\$ 238	\$ 209
Operating Grants and Contributions	14,730	14,894
Capital Grants and Contributions	1,421	404
Total Program Revenues	<u>16,389</u>	<u>15,507</u>
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations	567	539
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	1,274	795
For Debt Services	180	215
Local Option Sales Tax	467	446
Other Sales Tax	4	-
Grants and Contributions not		
Restricted to Specific Programs	2,692	2,732
Investment Earnings	7	4
Miscellaneous	622	477
Special Item - Energy Savings Guarantee Cancellation	225	-
Total General Revenues and Special Item	<u>6,038</u>	<u>5,208</u>
Total Revenues	<u>22,427</u>	<u>20,715</u>
Program Expenses		
Instruction	12,434	10,103
Support Services		
Pupil Services	924	780
Improvement of Instructional Services	905	783
Educational Media Services	256	228
General Administration	377	326
School Administration	1,197	1,004
Business Administration	300	443
Maintenance and Operation of Plant	1,179	1,194
Student Transportation Services	578	535
Central Support Services	39	38
Other Support Services	351	316
Operations of Non-Instructional Services		
Community Services	6	71
Enterprise Operation	103	6
Food Services	1,200	971
Interest on Long-Term Debt	177	260
Total Expenses	<u>20,026</u>	<u>17,058</u>
Increase in Net Position	<u>\$ 2,401</u>	<u>\$ 3,657</u>

**CITY OF PELHAM BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Financial Analysis of the School District's Funds**

**General Fund Budgetary Highlights**

The School District's budget is prepared in accordance with Georgia law and is based on accounting for certain transactions on the modified accrual basis of accounting. The School District uses site-based budgeting and the budgeting system is designed to tightly control site budgets but provide flexibility for site management.

The most significant budgeted fund is the general fund. As originally adopted, general fund revenues were projected to be \$17.2 million with appropriated expenditures totaling \$19.5 million. The School District appropriated \$2.3 million from unreserved fund balance to cover the shortfall.

As fiscal year 2023 progressed, the final amended general fund budget increased \$1.6 million for revenues, an increase of 9.4% from the original budget for the year. The reason for the amendment was to adjust grants from estimates to actual awarded amounts.

The original budget for fiscal year 2023 included appropriated expenditures of \$19.5 million, a decrease of \$650.9 thousand compared to the 2022 final budget appropriated expenditures. This decrease was primarily due to adjusting grant funds from estimates to actual awarded amounts.

**General Fund Operations**

The general fund finished fiscal year 2023 with a fund balance of \$4.7 million, a decrease of \$52.7 thousand, or 1.1%, from fiscal year 2022.

Actual revenues were above budget projections by \$262.9 thousand while actual expenditures were \$1.6 million less than budgeted. The primary reason for budgeted expenditures exceeding actual expenditures is actual salaries and benefits were less than projected.

Local revenue sources represented 10.0% of total general fund revenues for the fiscal year compared to 8.6% in the prior year. Local revenues ended the year above budgeted projections because school activity account activity was not included in the budget (\$668.9 thousand). Local ad valorem property tax and sales tax collections increased from the prior fiscal year. Other local revenues consisted of miscellaneous revenues including proceeds from interest earned and local grants.

Actual expenditures for the current fiscal year were under budget by \$1.6 million. Expenditures for direct classroom instruction (e.g., teacher salaries and benefits, textbooks, software, classroom supplies, etc.) accounted for 62.1% of total general fund expenditures. A 2% local supplement to all employees was continued during fiscal year 2023. Additionally, the School District has learned firsthand the expense of maintaining a bus transportation department that must be dependent upon local funding. In addition, without a transportation agreement with Mitchell County Schools we are unable to count the out of city students as under contract. Therefore, we lose state funding for these students. Non-instructional expenditures were monitored on a needs only basis to reduce actual expenditures to remain within budget expectations.

**CITY OF PELHAM BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following table details the major components of revenues and expenditures by function for fiscal year 2023 as well as a comparison of changes compared to the previous fiscal year.

Table 3  
General Fund  
Revenue and Expenditure Comparison  
(In Thousands)

	Amount	Total	Increase (Decrease) over Fiscal Year 2022
<b>Revenues</b>			
State	\$ 13,244	69.28%	\$ (132)
Federal	3,972	20.78%	(319)
Local	1,901	9.94%	229
<b>Total Revenue</b>	<b>\$ 19,117</b>	<b>100.00%</b>	<b>\$ (222)</b>
<b>EXPENDITURES</b>			
Instruction	\$ 11,957	62.12%	\$ 391
Support Services			
Pupil Services	698	3.63%	93
Improvement of Instructional Services	899	4.67%	53
Educational Media Services	211	1.10%	11
General Administration	374	1.94%	12
School Administration	1,146	5.95%	(39)
Business Administration	289	1.50%	38
Maintenance and Operation of Plant	1,295	6.73%	80
Student Transportation Services	662	3.44%	151
Central Support Services	39	0.20%	1
Other Support Services	351	1.82%	35
Operations of Non-Instructional Services			
Enterprise Operations	103	0.54%	32
Community Services	6	0.03%	-
Food Services	1,218	6.33%	214
<b>Total Expenditures</b>	<b>\$ 19,248</b>	<b>100.00%</b>	<b>\$ 1,072</b>

**Capital Projects Fund Operations**

The capital projects fund is used to account for school construction and the purchase of large capital assets. Expenditures in 2023 totaled \$3.0 million, an increase of \$2.8 million from the previous fiscal year.

**Debt Service Fund Operations**

The debt service fund is used to accumulate resources for the retirement of long-term debt for general obligations bonds and revenue bonds. Debt service payments totaling \$988.2 thousand were made during fiscal year 2023. All debt service sinking fund requirements were met at the end of fiscal year 2023.

**Capital Assets, Intangible Right-To-Use Assets, and Debt Administration**

**Capital Assets and Intangible Right-To-Use Assets**

The School District's investment in capital assets and intangible right-to-use assets for its governmental activities as of June 30, 2023, totaled \$29.0 million, net of accumulated depreciation and amortization. The investment in capital assets and intangible right-to-use assets includes land, land improvements, buildings, vehicles, equipment,

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and software based right-to-use assets used in providing services to our students and community. The changes to the School District's capital asset accounts came from construction in progress, equipment additions, current year depreciation expense, and a new subscription asset. The notes to the basic financial statements provide additional information on the School District's capital assets and intangible right-to-use assets including a detailed breakdown of the types of capital assets and intangible right-to-use assets included in the computation of depreciation and amortization charges. As of June 30, 2023, 34.6% of the cost basis of depreciable assets had been taken as a depreciation charge since the various assets were placed in service for capital assets.

A summary of capital assets follows:

Table 4  
Capital Assets and Intangible Right-to-Use Assets  
(Net of Depreciation/Amortization)  
(In Thousands)

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2023	2022
Land	\$ 95	\$ 247
Construction in Progress	3,002	139
Building and Improvements	24,290	24,965
Equipment	694	463
Land Improvements	824	989
Intangible Right-to-Use Subscription	109	-
<b>Total</b>	<b>\$ 29,014</b>	<b>\$ 26,803</b>

**Debt**

At June 30, 2023, the School District had \$6.9 million in outstanding bonds and intergovernmental agreement with \$680.0 thousand due within one year. During the current fiscal year, the School District entered into a subscription-based contract with a liability of \$78.0 thousand. Additional information regarding the School District's long-term debt can be found in the notes to the basic financial statements.

Table 5  
Debt at June 30  
(In Thousands)

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2023	2022
General Obligation Bonds	\$ 4,345	\$ 4,770
Intergovernment Agreement	2,590	2,820
Bond Premiums Unamortized	980	1,124
Subscription Liabilities	78	-
<b>Total</b>	<b>\$ 7,993</b>	<b>\$ 8,714</b>

**CITY OF PELHAM BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Current Issues**

The Pelham City School District is a low income, rural city school district in Mitchell County. The area of the City is only 4.1 miles square. The majority of students are economically disadvantaged. The student population is 58% African American, 34% Caucasian, and 8% Hispanic. The School District is located in an area where agriculture is the primary industry. Despite limited financial resources, system and school personnel manage to maximize the funds in order to benefit all students. The School District has planned extensively to use its supplemental resources to support class size reduction, recruitment, retention and professional development of highly qualified staff.

The School District, while small, offers students a variety of instructional programs and extra-curricular opportunities. Just within the last year, the schools have shown an increase in enrollment, improved writing scores, and improved College and Career Ready Performance Index (CCRPI) scores.

Pelham is a Main Street Community with a population in 2012 of 3,869. This is a 6.2% decrease since 2000. There were approximately 45.5% males and 54.5% females making up the population with those being composed of 60% black, 36.1% white and 3.9% Hispanic. The median age is 35.4. The estimated median household income in 2011 was \$27,028.00 and the per capita income was \$12,478.00. Georgia's median income in 2011 was \$46,007.00. The percentage of residents living in poverty is 42.2% (12.3% for white residents, 62.2% for black residents and 18.6% for Hispanic or Latino residents). The median house or condo value was \$76,488.00 in Pelham and the state's median was \$147,100.00. The median gross rent was \$609.00. The median real estate property taxes paid for housing units with mortgages in 2011 was \$964.00 and \$683.00 was paid for housing units with no mortgage.

For residents 25 years and older (2011): 65.2% have completed high school or higher; 12.1% have a bachelor's degree or higher; 4.0% have a graduate or professional degree; and 18.7% are unemployed.

Pelham compared to Georgia state average: (1) median household income below state average, (2) median house value below state average, (3) black race population percentage above state average, (4) Hispanic race population percentage significantly below state average, and (5) median age below state average and institutionalized population percentage above state average.

In spite of limited finances, Pelham thrives as a community. The Pelham Wildlife Festival, held each fall, brings visitors from all over. Bleachers at school ballgames are full, as the community wholeheartedly supports the Pelham Hornets. The Pelham Christmas parade and the Pelham City Schools homecoming parade have crowds of supporters lining the streets. The citizens of Pelham are the City's most valuable assets.

The City of Pelham School District has faced severe financial challenges in recent years but has remained relatively stable and financially sound. The financial challenges have included rising costs in employee benefits, the continued state formula allotment reductions, and a slow decline in student enrollment (FTE).

The School District's current net taxes levied for 2023 tax year is 8.645, remaining unchanged from the 2022 tax year. Total ad valorem taxes collected in 2023 were \$0.6 million as compared to \$0.5 million in 2022.

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations, however the impact cannot be reasonably estimated at this time.



**CITY OF PELHAM BOARD OF EDUCATION  
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**Outlook for the Future**

Pelham City Schools has "A Commitment to Educational Excellence Every Day in Every Way". The forefathers of Pelham knew how important a great education would be in the life of every child. To that end, a city school system was written into the Charter of our special city. As we look to the future, it is vital that the current citizens of the Greater Pelham Community work to not only continue the work of our forefathers but also expand their vision by making Pelham City Schools the System of Choice.

We have and will continue to ask the community members three primary questions. One, what are the things we are currently doing well and need to continue? Two, what are the things we are not doing well and need to stop? And, three, what are the things we are not doing that we need to start doing? Our goal will be to take the data and constructive criticism we receive from our conversation meetings and incorporate it into a roadmap for success. Pelham City continues to focus on building relationships with our staff, students and community in order to strengthen our system.

The information we received from the community, administrators, teachers, staff and most importantly our students has culminated in an updated "strategic plan" that, when followed, will lead us to the school system that we envision. The strategic plan is a living document that will be shared with the community and will be updated periodically in order to always keep Pelham City Schools on the right track toward greater success.

The School District enjoys a strong financial position in light of current economic conditions affecting local revenues as well as the effect of state revenue pressures through austerity reductions to the QBE funding formula over the past several years and new programmatic requirements. The state austerity funding was restored in fiscal year 2019.

The Board of Education will continue to be careful in obligating funds for programs and uses that might be needed to cover expenses not funded through state appropriations. As of June 30, 2023, the general fund reflected a fund balance of \$4.7 million translating to forty-nine (49) days of operation based on the fiscal year 2023 budget. At this time, the objective is to maintain a strong financial condition to better address any further cutbacks in State funding that could have an adverse effect on operations and financial reserves. The School District continues to fluctuate in growth but not at the rate experienced in past years. FTE for the upcoming fiscal year (2024) is 1332 on the QBE Allotment Sheet. In 2023, the count was 1,332 at Midterm as compared to 1,338 in 2022 at Midterm. Therefore, we continue to strive for student enrollment to slightly increase in the foreseeable future with positive programs such as Dual Enrollment with Southern Regional and Abraham Baldwin Agricultural College (ABAC) being added to meet the area workforce and needs of the student and community.

Effects of the economic impact of COVID-19 are expected to continue into the foreseeable future. The School District is working to buffer the economic effects by maximizing the benefits of relief provided by the U. S. Department of Education through the COVID-19 Elementary and Secondary School Emergency Relief Fund and COVID-19 American Rescue Plan.

The City of Pelham School District recognizes its responsibility to the taxpayers in overseeing the spending of Federal, state and local funds. The School District is striving to maintain sound fiscal management while emphasizing student achievement. Pelham City School District is committed to creating, building and sustaining a culturally and economically sensitive environment that provides equal access to a high standard of educational success for all students.

**CITY OF PELHAM BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Requests for Information**

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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ashley Adams  
Director of Business/Finance  
City of Pelham Board of Education  
203 Mathewson Avenue, SW  
Pelham, Georgia, 31779

Alternatively, you may send requests to the following e-mail address: [aadams@pelham-city.k12.ga.us](mailto:aadams@pelham-city.k12.ga.us).

**City of Pelham Board of Education**

CITY OF PELHAM BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2023

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 7,074,235.52
Investments	20,000.00
Accounts Receivable, Net	
Interest	23.66
Taxes	229,225.01
State Government	1,728,855.41
Federal Government	1,104,069.95
Local	1,000.00
Other	2,000.00
Inventories	18,232.73
Prepaid Items	500.00
Subscription Right-to-Use Assets (Net of Accumulated Amortization)	109,060.00
Capital Assets, Non-Depreciable	3,096,469.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	25,808,750.00
Total Assets	<u>39,192,421.28</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	9,828,733.00
Related to OPEB Plan	2,065,598.00
Total Deferred Outflows of Resources	<u>11,894,331.00</u>
 <u>LIABILITIES</u>	
Accounts Payable	71,493.87
Salaries and Benefits Payable	1,894,236.60
Interest Payable	104,133.32
Contracts Payable	466,081.17
Retainages Payable	136,987.65
Deposits and Unearned Revenues	11,094.24
Net Pension Liability	20,540,771.00
Net OPEB Liability	8,656,866.00
Long-Term Liabilities	
Due Within One Year	863,298.83
Due in More Than One Year	7,129,753.97
Total Liabilities	<u>39,874,716.65</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	632,086.00
Related to OPEB Plan	6,034,114.00
Total Deferred Inflows of Resources	<u>6,666,200.00</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	23,398,750.42
Restricted for	
Continuation of Federal Programs	567,591.46
Debt Service	444,491.68
Capital Projects	1,485,149.41
Unrestricted (Deficit)	<u>(21,350,147.34)</u>
Total Net Position	<u>\$ 4,545,835.63</u>

CITY OF PELHAM BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 12,434,520.44	\$ 212,851.87	\$ 10,625,063.61	\$ 733,081.34	\$ (863,523.62)
Support Services					
Pupil Services	924,275.81	-	182,407.33	361,007.31	(380,861.17)
Improvement of Instructional Services	904,902.78	-	578,833.18	-	(326,069.60)
Educational Media Services	255,754.78	-	225,435.80	82,139.76	51,820.78
General Administration	377,152.36	-	670,118.89	-	292,966.53
School Administration	1,196,602.90	-	518,323.25	55,401.93	(622,877.72)
Business Administration	300,275.10	-	9,934.71	-	(290,340.39)
Maintenance and Operation of Plant	1,179,418.96	14,421.25	621,884.63	75,341.89	(467,771.19)
Student Transportation Services	577,746.61	-	37,897.85	88,110.00	(451,738.76)
Central Support Services	39,039.53	-	-	-	(39,039.53)
Other Support Services	350,623.61	-	4.65	-	(350,618.96)
Operations of Non-Instructional Services					
Enterprise Operations	103,117.60	-	-	-	(103,117.60)
Community Services	6,000.00	-	2.04	-	(5,997.96)
Food Services	1,199,891.94	10,522.39	1,260,196.25	26,369.67	97,196.37
Interest on Long-Term Debt	176,734.84	-	-	-	(176,734.84)
<b>Total Governmental Activities</b>	<b>\$ 20,026,057.26</b>	<b>\$ 237,795.51</b>	<b>\$ 14,730,102.19</b>	<b>\$ 1,421,451.90</b>	<b>(3,636,707.66)</b>
<b>General Revenues</b>					
Taxes					
Property Taxes					
For Maintenance and Operations					566,753.49
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Debt Services					179,839.78
For Capital Projects					1,273,681.88
Local Option Sales Tax					467,627.78
Other Sales Tax					3,977.27
Grants and Contributions not Restricted to Specific Programs					2,692,452.00
Investment Earnings					7,277.93
Miscellaneous					621,820.18
Special Item					
Energy Savings Guarantee Cancellation					225,000.00
<b>Total General Revenues and Special Item</b>					<b>6,038,430.31</b>
Change in Net Position					2,401,722.65
Net Position - Beginning of Year					2,144,112.98
Net Position - End of Year					<b>\$ 4,545,835.63</b>

CITY OF PELHAM BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

EXHIBIT "C"

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,327,234.12	\$ 2,745,710.31	\$ 1,291.09	\$ 7,074,235.52
Investments	20,000.00	-	-	20,000.00
Accounts Receivable, Net				
Interest	23.66	-	-	23.66
Taxes	105,538.84	123,686.17	-	229,225.01
State Government	1,483,030.20	245,825.21	-	1,728,855.41
Federal Government	1,104,069.95	-	-	1,104,069.95
Local	1,000.00	-	-	1,000.00
Other	2,000.00	-	-	2,000.00
Due from Other Funds	-	14,658.20	-	14,658.20
Inventories	18,232.73	-	-	18,232.73
Prepaid Items	500.00	-	-	500.00
	<u>7,061,629.50</u>	<u>3,129,879.89</u>	<u>1,291.09</u>	<u>10,192,800.48</u>
Total Assets	\$ <u>7,061,629.50</u>	\$ <u>3,129,879.89</u>	\$ <u>1,291.09</u>	\$ <u>10,192,800.48</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 71,440.16	\$ 53.71	-	\$ 71,493.87
Salaries and Benefits Payable	1,894,236.60	-	-	1,894,236.60
Due to Other Funds	14,658.20	-	-	14,658.20
Contracts Payable	-	466,081.17	-	466,081.17
Retainages Payable	-	136,987.65	-	136,987.65
Deposits and Unearned Revenues	11,094.24	-	-	11,094.24
Total Liabilities	<u>1,991,429.20</u>	<u>603,122.53</u>	<u>-</u>	<u>2,594,551.73</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	45,783.92	-	-	45,783.92
Unavailable Revenue - Federal Funds	275,639.91	-	-	275,639.91
Unavailable Revenue - GSFIC Revenue	-	245,825.21	-	245,825.21
Total Deferred Inflows of Resources	<u>321,423.83</u>	<u>245,825.21</u>	<u>-</u>	<u>567,249.04</u>
<u>FUND BALANCES</u>				
Nonspendable	18,732.73	-	-	18,732.73
Restricted	549,358.73	1,844,771.82	1,291.09	2,395,421.64
Assigned	270,805.78	436,160.33	-	706,966.11
Unassigned	3,909,879.23	-	-	3,909,879.23
Total Fund Balances	<u>4,748,776.47</u>	<u>2,280,932.15</u>	<u>1,291.09</u>	<u>7,030,999.71</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>7,061,629.50</u>	\$ <u>3,129,879.89</u>	\$ <u>1,291.09</u>	\$ <u>10,192,800.48</u>

CITY OF PELHAM BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	7,030,999.71
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 94,671.00	
Construction in progress	3,001,798.00	
Buildings and improvements	34,506,567.00	
Equipment	1,652,195.00	
Land improvements	3,302,976.00	
Accumulated depreciation	<u>(13,652,988.00)</u>	28,905,219.00
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Subscription assets	\$ 114,800.00	
Accumulated amortization - Right-to-use assets	<u>(5,740.00)</u>	109,060.00
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (20,540,771.00)	
Net OPEB liability	<u>(8,656,866.00)</u>	(29,197,637.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$ 9,196,647.00	
Related to OPEB	<u>(3,968,516.00)</u>	5,228,131.00
Taxes, state, and federal funds that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable property taxes	\$ 45,783.92	
Unavailable GSFIC funds	245,825.21	
Unavailable federal funds	<u>275,639.91</u>	567,249.04
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (4,345,000.00)	
Accrued interest payable	(104,133.32)	
Intergovernmental agreement payable	(2,590,000.00)	
Subscription liability payable	(77,941.00)	
Unamortized bond premiums	<u>(980,111.80)</u>	<u>(8,097,186.12)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>4,545,835.63</u></u>

CITY OF PELHAM BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 566,050.12	\$ -	\$ -	\$ 566,050.12
Sales Taxes	471,605.05	1,273,681.88	179,839.78	1,925,126.71
State Funds	13,243,547.12	1,087,516.69	-	14,331,063.81
Federal Funds	3,972,417.44	-	-	3,972,417.44
Charges for Services	237,795.51	-	-	237,795.51
Investment Earnings	4,110.10	1,959.35	1,208.48	7,277.93
Miscellaneous	621,820.18	-	-	621,820.18
Total Revenues	<u>19,117,345.52</u>	<u>2,363,157.92</u>	<u>181,048.26</u>	<u>21,661,551.70</u>
<u>EXPENDITURES</u>				
Current				
Instruction	11,957,091.04	-	-	11,957,091.04
Support Services				
Pupil Services	698,204.91	-	-	698,204.91
Improvement of Instructional Services	898,974.10	-	-	898,974.10
Educational Media Services	211,131.20	-	-	211,131.20
General Administration	374,307.88	-	-	374,307.88
School Administration	1,145,796.20	-	-	1,145,796.20
Business Administration	289,438.57	-	-	289,438.57
Maintenance and Operation of Plant	1,294,494.92	-	-	1,294,494.92
Student Transportation Services	662,166.26	-	-	662,166.26
Central Support Services	39,039.53	-	-	39,039.53
Other Support Services	350,623.61	-	-	350,623.61
Enterprise Operations	103,117.60	-	-	103,117.60
Community Services	6,000.00	-	-	6,000.00
Food Services Operation	1,217,631.29	-	-	1,217,631.29
Capital Outlay	-	3,049,875.59	-	3,049,875.59
Debt Services				
Principal	-	-	655,000.00	655,000.00
Dues and Fees	-	-	3,235.00	3,235.00
Interest	-	-	329,925.00	329,925.00
Total Expenditures	<u>19,248,017.11</u>	<u>3,049,875.59</u>	<u>988,160.00</u>	<u>23,286,052.70</u>
Revenues over (under) Expenditures	<u>(130,671.59)</u>	<u>(686,717.67)</u>	<u>(807,111.74)</u>	<u>(1,624,501.00)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Assets	-	200,000.00	-	200,000.00
Subscription Liability Proceeds	77,941.00	-	-	77,941.00
Transfers In	-	-	757,175.52	757,175.52
Transfers Out	-	(757,175.52)	-	(757,175.52)
Total Other Financing Sources (Uses)	<u>77,941.00</u>	<u>(557,175.52)</u>	<u>757,175.52</u>	<u>277,941.00</u>
<u>SPECIAL ITEM</u>				
Energy Savings Guarantee Cancellation	-	225,000.00	-	225,000.00
Net Change in Fund Balances	(52,730.59)	(1,018,893.19)	(49,936.22)	(1,121,560.00)
Fund Balances - Beginning	<u>4,801,507.06</u>	<u>3,299,825.34</u>	<u>51,227.31</u>	<u>8,152,559.71</u>
Fund Balances - Ending	<u>\$ 4,748,776.47</u>	<u>\$ 2,280,932.15</u>	<u>\$ 1,291.09</u>	<u>\$ 7,030,999.71</u>



CITY OF PELHAM BOARD OF EDUCATION  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2023

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")	\$	(1,121,560.00)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 3,177,625.00	
Intangible right-to-use outlay	114,800.00	
Depreciation expense	(923,077.00)	
Amortization Expense	<u>(5,740.00)</u>	2,363,608.00
<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>		
		(152,000.00)
<p>Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		703.37
<p>Operating grants and contributions reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		275,639.91
<p>Georgia State Financing and Investment Commission grants reported in the funds are not reported as revenue in the Statement of Activities during the current period.</p>		
		245,825.21
<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>		
Subscription liability proceeds	\$ (77,941.00)	
Intergovernmental agreement payments	230,000.00	
Bond principal retirements	425,000.00	
Amortization of bond premium	<u>143,806.83</u>	720,865.83
<p>District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension expense	\$ (1,029,529.00)	
OPEB expense	<u>1,088,786.00</u>	59,257.00
<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>		
Net decrease in accrued interest		<u>9,383.33</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>2,401,722.65</u></u>

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**NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**Reporting Entity**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

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

**Government-Wide Statements:**

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

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

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

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

CITY OF PELHAM BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

EXHIBIT "G"

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

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

### Fund Financial Statements

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

The School District reports the following major governmental funds:

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

### Basis of Accounting

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

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

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

CITY OF PELHAM BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

EXHIBIT "G"

available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under subscriptions 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 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have a material 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.

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.

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### Receivables

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

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

### Inventories

#### Food Inventories

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

### Prepaid Items

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

### Capital Assets

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

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

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

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

		Capitalization Policy	Estimated Useful Life
Land		All	N/A
Land Improvements	\$	75,000.00	20 to 80 years
Buildings and Improvements	\$	75,000.00	10 to 80 years
Equipment	\$	75,000.00	3 to 20 years
Intangible Assets	\$	100,000.00	5 to 10 years

**Intangible Right-To-Use Assets**

Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use subscription asset and a subscription liability on the Statement of Net Position.

An intangible right-to-use asset represents the School District’s right to use an underlying asset for the subscription term. Subscription obligations represent the School District’s liability to make subscription payments arising from the subscription agreement. Intangible right-to-use assets and subscription liabilities are recognized based on the present value of subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the subscription term or useful life of the underlying asset.

Capitalization thresholds of intangible right-to-use assets reported in the government-wide statements are capitalized in accordance with the guidelines set for similar capital asset categories whose purchase is financed through means other than a lease. Capitalization threshold of intangible right-to-use subscription assets is \$100,000.00.

**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.

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### Long-Term Liabilities and Bond Discounts/Premiums

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

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

### 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



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fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

### Use of Estimates

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

### Property Taxes

The Mitchell County Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on September 15, 2022 (levy date) based on property values as of January 1, 2022. Taxes were due on December 20, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The Mitchell 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, 2023, for maintenance and operations amounted to \$440,551.83.

The tax millage rate levied for the 2022 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>8.645</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$125,498.29 during fiscal year ended June 30, 2023.

### Sales Taxes

Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$467,627.78 and was recorded in the general fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District.

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$1,453,521.66 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.

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**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, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments of no more than 5% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

**NOTE 4: DEPOSITS**

**Collateralization of Deposits**

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

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

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- (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, 2023, the School District had deposits with a carrying amount of \$7,094,135.52, and a bank balance of \$7,715,164.32. The bank balances insured by Federal depository insurance were \$750,355.15 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 \$6,964,809.17.

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

Cash and cash equivalents		
Statement of Net Position	\$	7,074,235.52
Add:		
Deposits with original maturity of three months or more reported as investments		20,000.00
Less:		
Cash on hand		100.00
Total carrying value of deposits - June 30, 2023	\$	7,094,135.52

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**NOTE 5: CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS**

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

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 246,671.00	\$ -	\$ 152,000.00	\$ 94,671.00
Construction in Progress	138,808.00	2,862,990.00	-	3,001,798.00
Total Capital Assets				
Not Being Depreciated	385,479.00	2,862,990.00	152,000.00	3,096,469.00
Capital Assets,				
Being Depreciated				
Buildings and Improvements	34,506,567.00	-	-	34,506,567.00
Equipment	1,337,560.00	314,635.00	-	1,652,195.00
Land Improvements	3,302,976.00	-	-	3,302,976.00
Less Accumulated				
Depreciation:				
Buildings and Improvements	9,541,593.00	674,794.00	-	10,216,387.00
Equipment	874,283.00	83,451.00	-	957,734.00
Land Improvements	2,314,035.00	164,832.00	-	2,478,867.00
Total Capital Assets,				
Being Depreciated, Net	26,417,192.00	(608,442.00)	-	25,808,750.00
Governmental Activities				
Capital Assets - Net	\$ 26,802,671.00	\$ 2,254,548.00	\$ 152,000.00	\$ 28,905,219.00

Current year depreciation expense by function is as follows:

Instruction		\$ 471,908.00
Support Services		
Pupil Services	\$ 232,392.00	
Educational Media Services	52,876.00	
School Administration	35,664.00	
Maintenance and Operation of Plant	48,500.00	
Student Transportation Services	64,762.00	434,194.00
Food Services		16,975.00
		\$ 923,077.00

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The following is a summary of changes in the intangible right-to-use assets for governmental activities during the fiscal year:

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Governmental Activities				
Subscription Assets	\$ -	\$ 114,800.00	\$ -	\$ 114,800.00
Less Accumulated Amortization:				
Subscription Assets	-	5,740.00	-	5,740.00
Governmental Activities				
Intangible Right-to-Use Assets - Net	\$ -	\$ 109,060.00	\$ -	\$ 109,060.00

Current year amortization expense by function is as follows:

Support Services	
Maintenance and Operation of Plant	\$ 5,740.00

**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, 2023, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 14,658.20
Capital Projects Fund	14,658.20	-
	\$ 14,658.20	\$ 14,658.20

The Pelham High School activity account reported in the general fund is reimbursing the capital projects fund for a scoreboard. The payment plan extends over the next few years until the balance is paid in full.

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**Interfund Transfers**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	\$ <u>757,175.52</u>

Transfers are used to move sales tax revenues collected by the capital projects fund to the debt service fund to meet debt service requirements.

**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, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General Obligation (G.O.) Bonds	\$ 4,770,000.00	\$ -	\$ 425,000.00	\$ 4,345,000.00	\$ 440,000.00
Unamortized Bond Premiums	1,123,918.63	-	143,806.83	980,111.80	143,806.83
Intergovernmental Agreement	2,820,000.00	-	230,000.00	2,590,000.00	240,000.00
Subscription Liabilities	-	77,941.00	-	77,941.00	39,492.00
	<u>\$ 8,713,918.63</u>	<u>\$ 77,941.00</u>	<u>\$ 798,806.83</u>	<u>\$ 7,993,052.80</u>	<u>\$ 863,298.83</u>

**General Obligation Bonds**

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

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2023. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

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Of the total amount originally authorized, \$1,240,000.00 remains unissued. General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2019	5.00%	10/2/2019	9/1/2027	\$ 3,610,000.00	\$ 2,385,000.00
General Government - Series 2022	5.00%	3/1/2022	9/1/2032	1,960,000.00	1,960,000.00
				<u>\$ 5,570,000.00</u>	<u>\$ 4,345,000.00</u>

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond
2024	\$ 440,000.00	\$ 206,250.00	\$ 105,561.15
2025	460,000.00	183,750.00	105,561.15
2026	475,000.00	160,375.00	105,561.15
2027	495,000.00	136,125.00	105,561.15
2028	515,000.00	110,875.00	52,395.41
2029 - 2033	1,960,000.00	263,000.00	174,009.46
Total Principal and Interest	<u>\$ 4,345,000.00</u>	<u>\$ 1,060,375.00</u>	<u>\$ 648,649.47</u>

**Intergovernmental Agreement**

The School District entered into a contract with the South Georgia Governmental Services Authority, dated December 30, 2021, for the issuance of revenue bonds to provide funds for bond refunding capital outlay projects of the School District. Under the terms of the contract, the South Georgia Governmental Services Authority issued \$3,035,000.00 less issuance costs of \$140,087.92 in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

The School District's outstanding intergovernmental agreement of \$2,590,000.00 contains a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make payment.

Debt currently outstanding under intergovernmental agreement is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Debt Refunding (Energy)	0.25 - 1.55%	12/30/2021	3/1/2032	<u>\$ 3,035,000.00</u>	<u>\$ 2,590,000.00</u>

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The following is a schedule of total intergovernmental agreement payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Unamortized Bond Premium</u>
2024	\$ 240,000.00	\$ 95,150.00	\$ 38,245.68
2025	250,000.00	87,950.00	38,245.68
2026	260,000.00	80,450.00	38,245.68
2027	280,000.00	70,050.00	38,245.68
2028	300,000.00	58,850.00	38,245.68
2029 - 2032	<u>1,260,000.00</u>	<u>112,150.00</u>	<u>140,233.93</u>
Total Principal and Interest	\$ <u>2,590,000.00</u>	\$ <u>504,600.00</u>	\$ <u>331,462.33</u>

**Subscription Liabilities**

The School District has entered into a subscription-based contract to use vendor-provided information technology (IT) under the provisions of a contract that conveys control of the right-to-use another entity's asset for a period of time in an exchange or exchange-like transaction. This contract is classified as a subscription liability for accounting purposes. The subscription asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the subscription based information technology arrangement term.

During the current fiscal year, the School District entered into a subscription agreement for a crisis alert system at a cost of \$114,800.00 with a down payment of \$36,859.00. This subscription liability qualifies as a subscription liability for accounting purposes, and, therefore, has been recorded at the present value of the future minimum subscription payments as of the date of inception.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2023:

	<u>Governmental Activities</u>
Subscription Asset	\$ 114,800.00
Less: Accumulated Amortization	<u>5,740.00</u>
	<u>\$ 109,060.00</u>

At the commencement of the subscription-based information technology arrangement (SBITA), the School District initially measures the subscription liability at the present value of payments expected to be made during the term of the SBITA. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The right-to-use subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the SBITA term.



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Subscription liabilities currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Crisis alert system	8.25%	4/4/2023	7/31/2024	\$ 77,941.00	\$ 77,941.00

The following is a schedule of total subscription liability payments:

Fiscal Year Ended June 30:	Principal	Interest
2024	\$ 39,492.00	\$ 2,079.00
2025	38,449.00	3,121.00
Total Principal and Interest	\$ 77,941.00	\$ 5,200.00

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

**Workers' Compensation**

**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

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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.

**Unemployment Compensation**

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. There were no unemployment compensation claims during the last two fiscal years.

**Surety Bond**

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

Position Covered	Amount
Superintendent	\$ 100,000.00

**NOTE 9: FUND BALANCE CLASSIFICATION DETAILS**

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2023:

Nonspendable		
Inventories	\$ 18,232.73	
Prepaid Assets	500.00	\$ 18,732.73
Restricted		
Continuation of Federal Programs	\$ 549,358.73	
Capital Projects	1,297,437.91	
Debt Service	548,625.00	2,395,421.64
Assigned		
Local Capital Outlay Projects	\$ 436,160.33	
School Activity Accounts	270,805.78	706,966.11
Unassigned		3,909,879.23
Fund Balance, June 30, 2023	\$	7,030,999.71

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

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

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**NOTE 10: SIGNIFICANT COMMITMENTS**

**Commitments under Construction Contracts**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2023, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2023 (2)	Funding Available From State (1)
20LW-784-001 Pelham Middle Facility	\$ 1,253,215.26	\$ 3,595,607.19	\$ 148,149.10

- (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.

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**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 \$324,041.00 for the year ended June 30, 2023. 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, 2023, the School District reported a liability of \$8,656,866.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 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, 2022. At June 30, 2022, the School District's proportion was 0.087415%, which was a decrease of 0.000713% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of (\$764,745.00). At June 30, 2023, 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	\$ 345,544.00	\$ 3,402,411.00
Changes of assumptions	1,318,458.00	1,750,863.00
Net difference between projected and actual earnings on OPEB plan investments	52,804.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	24,751.00	880,840.00
School District contributions subsequent to the measurement date	324,041.00	-
Total	\$ 2,065,598.00	\$ 6,034,114.00

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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, 2024. 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
2024	\$ (1,269,323.00)
2025	\$ (1,020,125.00)
2026	\$ (792,749.00)
2027	\$ (791,020.00)
2028	\$ (377,399.00)
Thereafter	\$ (41,941.00)

**Actuarial Assumptions:** The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 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, 2022:

**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	6.50%
Medicare Eligible	5.00%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

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The Plan currently uses mortality tables that vary by age, gender, and health status (i.e., disabled or not disabled) 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 101% for males and 103% 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 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 104% for males and 99% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2021 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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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.

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The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected 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%	2.00%
Equities	70.00%	9.40%
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 3.57% was used as the discount rate, as compared with last year's rate of 2.20%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. 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 (3.54% 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 2128.

**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 3.57%, 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 (2.57%) or 1-percentage-point higher (4.57%) than the current discount rate:

	1% Decrease (2.57%)	Current Discount Rate (3.57%)	1% Increase (4.57%)
School District's proportionate share of the Net OPEB liability	\$ 9,791,955.00	\$ 8,656,866.00	\$ 7,694,829.00

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**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	\$ 7,458,925.00	\$	8,656,866.00	\$	10,129,131.00

**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 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll, of which 19.87% of



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payroll was required from the School District and 0.11% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$1,753,896.00 and \$9,703.28 from the School District and the State, respectively.

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

**Plan Description:** PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/financials](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 \$15.75, 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 \$24,079.00.

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

At June 30, 2023, the School District reported a liability of \$20,540,771.00 for its proportionate share of the net pension liability for TRS.

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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	\$	20,540,771.00
State of Georgia's proportionate share of the net pension liability associated with the School District		129,238.00
Total	\$	20,670,009.00

The net pension liability for TRS was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022.

At June 30, 2022, the School District's TRS proportion was 0.063257%, which was a decrease of 0.001742% from its proportion measured as of June 30, 2021.

At June 30, 2023, 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 \$164,075.00.

The PSERS net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 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, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$2,795,035.00 for TRS and \$41,232.00 for PSERS and revenue of \$11,610.00 for TRS and \$41,232.00 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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EXHIBIT "G"

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 852,652.00	\$ 106,920.00
Changes of assumptions	3,092,041.00	-
Net difference between projected and actual earnings on pension plan investments	4,035,677.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	94,467.00	525,166.00
School District contributions subsequent to the measurement date	1,753,896.00	-
Total	\$ 9,828,733.00	\$ 632,086.00

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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
2024	\$ 1,922,191.00
2025	\$ 1,538,116.00
2026	\$ 1,084,067.00
2027	\$ 2,898,377.00

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EXHIBIT "G"

**Actuarial Assumptions:** The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, 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	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and payroll growth assumption.

**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, 2021 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 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/PSERS Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	0.20%
Domestic large stocks	46.30%	9.40%
Domestic small stocks	1.20%	13.40%
International developed market stocks	12.30%	9.40%
International emerging market stocks	5.20%	11.40%
Alternative	5.00%	10.50%
Total	100.00%	

\* Rates shown are net of inflation

**Discount Rate:** The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total 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 and PSERS pension plans' fiduciary net position were projected to be

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available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

<b>Teachers Retirement System:</b>	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 30,989,220.00	\$ 20,540,771.00	\$ 12,008,229.00

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

**NOTE 14: SPECIAL ITEM**

The School District entered into an energy savings agreement on May 25, 2016, for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. In August 2022, the School District accepted a one-time payment of \$225,000.00 to partially offset anticipated losses on energy savings. Acceptance of the payment resulted in cancellation of the energy guarantee with an effective date of May 1, 2022.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.063257%	\$ 20,540,771.00	\$ 129,238.00	\$ 20,670,009.00	\$ 8,604,019.88	238.73%	72.85%
2022	0.064999%	\$ 5,748,728.00	\$ 37,412.00	\$ 5,786,140.00	\$ 8,511,938.94	67.54%	92.03%
2021	0.066137%	\$ 16,020,970.00	\$ 99,318.00	\$ 16,120,288.00	\$ 8,579,753.39	186.73%	77.01%
2020	0.064765%	\$ 13,926,226.00	\$ 84,076.00	\$ 14,010,302.00	\$ 7,951,665.50	175.14%	78.56%
2019	0.068998%	\$ 12,807,507.00	\$ 71,464.00	\$ 12,878,971.00	\$ 8,263,951.30	154.98%	80.27%
2018	0.068583%	\$ 12,746,362.00	\$ 110,211.00	\$ 12,856,573.00	\$ 7,942,986.40	160.47%	79.33%
2017	0.074773%	\$ 15,426,504.00	\$ 159,891.00	\$ 15,586,395.00	\$ 8,283,921.34	186.22%	76.06%
2016	0.073751%	\$ 11,227,857.00	\$ 111,135.00	\$ 11,338,992.00	\$ 7,861,868.00	142.81%	81.44%
2015	0.074996%	\$ 9,474,755.00	\$ 94,247.00	\$ 9,569,002.00	\$ 7,727,236.00	122.62%	84.03%



CITY OF PELHAM BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2023	\$ 1,753,896.00	\$ 1,753,896.00	\$ -	\$ 8,825,207.57	19.87%
2022	\$ 1,693,794.00	\$ 1,693,794.00	\$ -	\$ 8,604,019.88	19.69%
2021	\$ 1,611,891.00	\$ 1,611,891.00	\$ -	\$ 8,511,938.94	18.94%
2020	\$ 1,802,598.00	\$ 1,802,598.00	\$ -	\$ 8,579,753.39	21.01%
2019	\$ 1,651,934.00	\$ 1,651,934.00	\$ -	\$ 7,951,655.50	20.77%
2018	\$ 1,381,466.00	\$ 1,381,466.00	\$ -	\$ 8,263,951.30	16.72%
2017	\$ 1,123,746.00	\$ 1,123,746.00	\$ -	\$ 7,942,986.40	14.15%
2016	\$ 1,169,976.44	\$ 1,169,976.44	\$ -	\$ 8,283,921.34	14.12%
2015	\$ 1,023,708.89	\$ 1,023,708.89	\$ -	\$ 7,861,868.00	13.02%

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

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.00%	\$ -	\$ 164,075.00	\$ 164,075.00	\$ 270,566.31	N/A	81.21%
2022	0.00%	\$ -	\$ 17,485.00	\$ 17,485.00	\$ 316,660.13	N/A	98.00%
2021	0.00%	\$ -	\$ 132,092.00	\$ 132,092.00	\$ 342,790.61	N/A	84.45%
2020	0.00%	\$ -	\$ 109,756.00	\$ 109,756.00	\$ 315,795.54	N/A	85.02%
2019	0.00%	\$ -	\$ 117,550.00	\$ 117,550.00	\$ 318,176.80	N/A	85.26%
2018	0.00%	\$ -	\$ 110,276.00	\$ 110,276.00	\$ 215,587.97	N/A	85.69%
2017	0.00%	\$ -	\$ 162,208.00	\$ 162,208.00	\$ 223,359.67	N/A	81.00%
2016	0.00%	\$ -	\$ 97,095.00	\$ 97,095.00	\$ 204,033.81	N/A	87.00%
2015	0.00%	\$ -	\$ 89,860.00	\$ 89,860.00	\$ 206,252.24	N/A	88.29%

CITY OF PELHAM BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 SCHOOL OPEB FUND

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.087415%	\$ 8,656,866.00	\$ -	\$ 8,656,866.00	\$ 8,258,678.30	104.82%	6.17%
2022	0.088128%	\$ 9,544,991.00	\$ -	\$ 9,544,991.00	\$ 7,879,580.87	121.14%	6.14%
2021	0.089591%	\$ 13,158,831.00	\$ -	\$ 13,158,831.00	\$ 7,811,031.40	168.46%	3.99%
2020	0.093928%	\$ 11,526,981.00	\$ -	\$ 11,526,981.00	\$ 7,442,251.22	154.89%	4.63%
2019	0.098326%	\$ 12,496,933.00	\$ -	\$ 12,496,933.00	\$ 7,689,401.66	162.52%	2.93%
2018	0.097627%	\$ 13,716,554.00	\$ -	\$ 13,716,554.00	\$ 7,342,751.39	186.80%	1.61%

CITY OF PELHAM BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 SCHOOL OPEB FUND

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2023	\$ 324,041.00	\$ 324,041.00	\$ -	\$ 7,952,060.98	4.07%
2022	\$ 316,073.00	\$ 316,073.00	\$ -	\$ 8,258,678.30	3.83%
2021	\$ 327,820.00	\$ 327,820.00	\$ -	\$ 7,879,580.87	4.16%
2020	\$ 302,977.00	\$ 302,977.00	\$ -	\$ 7,811,031.40	3.88%
2019	\$ 505,868.00	\$ 505,868.00	\$ -	\$ 7,442,251.22	6.80%
2018	\$ 509,614.00	\$ 509,614.00	\$ -	\$ 7,689,401.66	6.63%

**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.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

**Public School Employees Retirement System**

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

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

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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

**School OPEB Fund**

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

**Changes in assumptions:** June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees' Retirement System's 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 System's experience study.

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

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

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

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

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

CITY OF PELHAM BOARD OF EDUCATION  
GENERAL FUND

SCHEDULE "7"

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<b>REVENUES</b>				
Property Taxes	\$ 450,000.00	\$ 450,000.00	\$ 566,050.12	\$ 116,050.12
Sales Taxes	350,000.00	350,000.00	471,605.05	121,605.05
State Funds	12,721,701.00	13,130,796.62	13,243,547.12	112,750.50
Federal Funds	3,696,054.00	4,876,313.70	3,972,417.44	(903,896.26)
Charges for Services	15,800.00	15,800.00	237,795.51	221,995.51
Investment Earnings	6,000.00	6,000.00	4,110.10	(1,889.90)
Miscellaneous	500.00	25,500.00	621,820.18	596,320.18
Total Revenues	<u>17,240,055.00</u>	<u>18,854,410.32</u>	<u>19,117,345.52</u>	<u>262,935.20</u>
<b>EXPENDITURES</b>				
Current				
Instruction	12,860,395.00	13,615,771.62	11,957,091.04	1,658,680.58
Support Services				
Pupil Services	630,691.00	680,684.00	698,204.91	(17,520.91)
Improvement of Instructional Services	814,393.00	1,004,291.00	898,974.10	105,316.90
Educational Media Services	195,150.00	195,150.00	211,131.20	(15,981.20)
General Administration	441,324.00	464,283.00	374,307.88	89,975.12
School Administration	1,179,080.00	1,179,080.00	1,145,796.20	33,283.80
Business Administration	312,520.00	312,520.00	289,438.57	23,081.43
Maintenance and Operation of Plant	1,361,325.00	1,584,370.00	1,294,494.92	289,875.08
Student Transportation Services	571,170.00	558,770.00	662,166.26	(103,396.26)
Central Support Services	-	-	39,039.53	(39,039.53)
Other Support Services	14,250.00	14,250.00	350,623.61	(336,373.61)
Enterprise Operations	-	-	103,117.60	(103,117.60)
Community Service Operations	11,654.00	11,654.00	6,000.00	5,654.00
Food Services Operation	1,131,416.00	1,196,546.78	1,217,631.29	(21,084.51)
Total Expenditures	<u>19,523,368.00</u>	<u>20,817,370.40</u>	<u>19,248,017.11</u>	<u>1,569,353.29</u>
Excess of Revenues over (under) Expenditures	<u>(2,283,313.00)</u>	<u>(1,962,960.08)</u>	<u>(130,671.59)</u>	<u>1,832,288.49</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Other Sources	79,535.00	103,055.00	77,941.00	(25,114.00)
Other Uses	(79,535.00)	(103,055.00)	-	103,055.00
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>77,941.00</u>	<u>77,941.00</u>
Net Change in Fund Balances	(2,283,313.00)	(1,962,960.08)	(52,730.59)	1,910,229.49
Fund Balances - Beginning	4,835,917.82	4,835,917.82	4,801,507.06	(34,410.76)
Adjustments	-	(34,155.28)	-	34,155.28
Fund Balances - Ending	<u>\$ 2,552,604.82</u>	<u>\$ 2,838,802.46</u>	<u>\$ 4,748,776.47</u>	<u>\$ 1,909,974.01</u>

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

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

The actual revenues and expenditures of the various principal accounts are \$668,860.00 and \$611,584.23, 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.

CITY OF PELHAM BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2023

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	235GA324N1199	\$ 260,410.44
National School Lunch Program	10.555	235GA324N1199	808,312.13
COVID-19 - National School Lunch Program	10.555	225GA324N1099	48,363.51
Fresh Fruit and Vegetable Program	10.582	235GA324L1603	44,015.84
Total Child Nutrition Cluster			<u>1,161,101.92</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	202321I500345	6,031.95
Total U. S. Department of Agriculture			<u>1,167,133.87</u>
Education, U. S. Department of			
Direct			
Impact Aid			
Payments for Federally Connected Children-Section 7003	84.041B		<u>1,141.00</u>
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	268,773.00
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,605,897.98
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	30,063.86
Total Education Stabilization Fund			<u>1,904,734.84</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A210073	133,872.55
Grants to States	84.027A	H027A220073	259,803.79
Preschool Grants	84.173A	H173A220081	17,391.00
Total Special Education Cluster			<u>411,067.34</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A220010	21,189.40
Rural and Low-Income School Program	84.358B	S358B210010	5,335.00
Rural and Low-Income School Program	84.358B	S358F220010	35,829.59
Student Support and Academic Enrichment Program	84.424A	S424A220011	17,500.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	76,259.00
Title I Grants to Local Educational Agencies	84.010A	S010A220010	538,681.78
Total Other Programs			<u>694,794.77</u>
Total U. S. Department of Education			<u>3,011,737.95</u>

CITY OF PELHAM BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2023

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of Pass-Through From Bright From the Start Georgia Department of Early Care and Learning COVID-19 - Child Care and Development Block Grant	93.575	2110GACCC5	14,350.13
Total Expenditures of Federal Awards			\$ 4,193,221.95

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 City of Pelham Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2023. 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.



CITY OF PELHAM BOARD OF EDUCATION  
SCHEDULE OF STATE REVENUE  
YEAR ENDED JUNE 30, 2023

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL	CAPITAL PROJECTS	
	FUND	FUND	
<b>GRANTS</b>			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 254,038.60	\$ -	\$ 254,038.60
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	299,842.00	-	299,842.00
Kindergarten Program - Early Intervention Program	362,155.00	-	362,155.00
Primary Grades (1-3) Program	627,444.00	-	627,444.00
Primary Grades - Early Intervention (1-3) Program	979,100.00	-	979,100.00
Upper Elementary Grades (4-5) Program	315,218.00	-	315,218.00
Upper Elementary Grades - Early Intervention (4-5) Program	529,651.00	-	529,651.00
Middle School (6-8) Program	1,147,049.00	-	1,147,049.00
High School General Education (9-12) Program	1,158,096.00	-	1,158,096.00
Vocational Laboratory (9-12) Program	280,062.00	-	280,062.00
Students with Disabilities	1,502,602.00	-	1,502,602.00
Gifted Student - Category VI	415,354.00	-	415,354.00
Remedial Education Program	100,402.00	-	100,402.00
Alternative Education Program	87,007.00	-	87,007.00
English Speakers of Other Languages (ESOL)	31,993.00	-	31,993.00
Media Center Program	188,775.00	-	188,775.00
20 Days Additional Instruction	59,547.00	-	59,547.00
Staff and Professional Development	35,915.00	-	35,915.00
Principal Staff and Professional Development	1,023.00	-	1,023.00
Indirect Cost			
Central Administration	461,001.00	-	461,001.00
School Administration	496,439.00	-	496,439.00
Facility Maintenance and Operations	388,218.00	-	388,218.00
Mid-term Adjustment Hold-Harmless	59,283.00	-	59,283.00
Charter System Adjustment	146,070.00	-	146,070.00
Categorical Grants			
Pupil Transportation			
Regular	20,826.00	-	20,826.00
Nursing Services	45,946.00	-	45,946.00
Education Equalization Funding Grant	2,692,452.00	-	2,692,452.00
Other State Programs			
Food Services	27,560.00	-	27,560.00
Hygiene Products	1,039.62	-	1,039.62
Math and Science Supplements	4,162.62	-	4,162.62
One-Time QBE Supplement	333,510.00	-	333,510.00
School Bus Purchases - State Allotment	88,110.00	-	88,110.00
Teachers Retirement	9,703.28	-	9,703.28
Vocational Education	62,707.00	-	62,707.00
Vocational Supervisors	7,167.00	-	7,167.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	1,087,516.69	1,087,516.69
Office of the State Treasurer			
Public School Employees Retirement	24,079.00	-	24,079.00
	<u>\$ 13,243,547.12</u>	<u>\$ 1,087,516.69</u>	<u>\$ 14,331,063.81</u>

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CITY OF PELHAM BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
<u>2017 SPLOST</u>			
(2) Capital outlay projects at an estimated cost of \$4,674,000.00, consisting of			
(a) adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities, including acquiring, constructing, furnishing, and equipping a new elementary school, or renovating, equipping, modernizing, and furnishing the existing elementary school;	\$ 4,074,000.00	\$ 11,148,507.00	Completed
(b) making system-wide technology improvements, including, but not limited to, the acquisition and installation of signage, instructional technology, instructional materials, security, and information systems hardware and associated software and accessories, and infrastructure at all schools and selected other facilities; and	200,000.00	-	Completed
(c) replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment.	<u>400,000.00</u>	<u>186,885.22</u>	Completed
Subtotal 2017 SPLOST	<u>4,674,000.00</u>	<u>11,335,392.22</u>	
<u>2022 SPLOST</u>			
(1) Retiring outstanding general obligation debt of the City of Pelham School District previously incurred and issued with respect to capital outlay projects in the maximum principal and interest amount of			
(i) \$2,752,000.00, comprised of a portion of the City of Pelham School District's Series 2019 general obligation bonds coming due in the years 2023 through 2028;			
(ii) \$1,694,466.00 comprised of a portion of the City of Pelham School District's payments due under that certain Master Equipment Lease/Purchase Agreement dated as of May 20, 2016 coming due in the years 2023 through 2028; and (iii) paying a portion of the principal and interest on the general obligation debt authorized not to exceed \$3,200,000.00 for the purpose of project described below:	4,446,466.00	4,446,466.00	June 2028
(2) Capital outlay projects at an estimated cost of \$3,292,034.00, consisting of			
(a) constructing, furnishing, and equipping new school buildings and other buildings and facilities and adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities, including but not limited to renovating, equipping, modernizing and furnishing the existing middle school;	2,692,034.00	3,001,798.10	December 2023
(b) making system-wide technology improvements, including, but not limited to, the acquisition and installation of signage, instructional technology, instructional materials, security, and information systems hardware and associated software and accessories, and infrastructure at all schools and selected other facilities; and	200,000.00	200,000.00	December 2023
(c) replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment.	<u>400,000.00</u>	<u>400,000.00</u>	December 2023
Subtotal 2022 SPLOST	<u>7,738,500.00</u>	<u>8,048,264.10</u>	
Total	<u>\$ 12,412,500.00</u>	<u>\$ 19,383,656.32</u>	

CITY OF PELHAM BOARD OF EDUCATION  
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
 YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

PROJECT	<u>AMOUNT EXPENDED IN CURRENT YEAR (3) (4)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3) (4)</u>	<u>TOTAL COMPLETION COST</u>	<u>EXCESS PROCEEDS NOT EXPENDED</u>
<u>2017 SPLOST</u>				
(2) Capital outlay projects at an estimated cost of \$4,674,000.00, consisting of				
(a) adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities, including acquiring, constructing, furnishing, and equipping a new elementary school, or renovating, equipping, modernizing, and furnishing the existing elementary school;				
	\$ -	\$ 11,148,507.00	\$ 11,148,507.00	\$ -
(b) making system-wide technology improvements, including, but not limited to, the acquisition and installation of signage, instructional technology, instructional materials, security, and information systems hardware and associated software and accessories, and infrastructure at all schools and selected other facilities; and				
	-	-	-	-
(c) replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment.				
Subtotal 2017 SPLOST	<u>186,885.22</u>	<u>-</u>	<u>186,885.22</u>	<u>-</u>
	<u>186,885.22</u>	<u>11,148,507.00</u>	<u>11,335,392.22</u>	<u>-</u>
<u>2022 SPLOST</u>				
(1) Retiring outstanding general obligation debt of the City of Pelham School District previously incurred and issued with respect to capital outlay projects in the maximum principal and interest amount of				
(i) \$2,752,000.00, comprised of a portion of the City of Pelham School District's Series 2019 general obligation bonds coming due in the years 2023 through 2028;				
(ii) \$1,694,466.00 comprised of a portion of the City of Pelham School District's payments due under that certain Master Equipment Lease/Purchase Agreement dated as of May 20, 2016 coming due in the years 2023 through 2028; and (iii) paying a portion of the principal and interest on the general obligation debt authorized not to exceed \$3,200,000.00 for the purpose of project described below:				
	332,050.00	-	-	-
(2) Capital outlay projects at an estimated cost of \$3,292,034.00, consisting of				
(a) constructing, furnishing, and equipping new school buildings and other buildings and facilities and adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities, including but not limited to renovating, equipping, modernizing and furnishing the existing middle school;				
	2,862,990.37	138,807.73	-	-
(b) making system-wide technology improvements, including, but not limited to, the acquisition and installation of signage, instructional technology, instructional materials, security, and information systems hardware and associated software and accessories, and infrastructure at all schools and selected other facilities; and				
	-	-	-	-
(c) replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment.				
Subtotal 2022 SPLOST	<u>3,195,040.37</u>	<u>138,807.73</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,381,925.59</u>	<u>\$ 11,287,314.73</u>	<u>\$ 11,335,392.22</u>	<u>\$ -</u>

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.  
 (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.  
 (3) The voters of Mitchell County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.  
 Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.  
 (4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	\$ 832,986.98
Current Year	<u>227,875.00</u>
Total	<u>\$ 1,060,861.98</u>

## **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  
Mr. Floyd Fort, Superintendent and Members of the  
City of Pelham Board of Education

We have audited the financial statements of the governmental activities and each major fund of the City of Pelham Board of Education (School District) as of and for the year ended June 30, 2023, 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 May 24, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

May 24, 2024



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

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Mr. Floyd Fort, Superintendent and Members of the  
City of Pelham Board of Education

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

*Opinion on Each Major Federal Program*

We have audited the City of Pelham 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, 2023. 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, 2023.

*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 the 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 the 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 style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

May 24, 2024

### **Section III**

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

**CITY OF PELHAM BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

**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

CITY OF PELHAM BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Federal Awards**

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

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

All major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
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Auditee qualified as low-risk auditee?	No
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**II FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.