

# 2021

Clayton County Board of Education

Financial Statements and  
Independent Auditor's Report

For the Fiscal Year Ended June 30, 2021

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

CLAYTON COUNTY BOARD OF EDUCATION  
JONESBORO, GEORGIA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**CLAYTON COUNTY BOARD OF EDUCATION  
JONESBORO, GEORGIA**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

## **ELECTED OFFICIALS AND SUPERINTENDENT OF SCHOOLS**

### **Fiscal Year 2021 Elected Officials**

Jessie Goree (District 3) - Board Chair  
Dr. Alieka Anderson (District 8) - Vice-Chair  
Jasmine Bowles (District 1)  
Mark Christmas (District 2)  
Victoria Williams (District 4)  
Deatrice Haney (District 5)  
Mary Baker (District 6)  
Sabrina Hill (District 7)

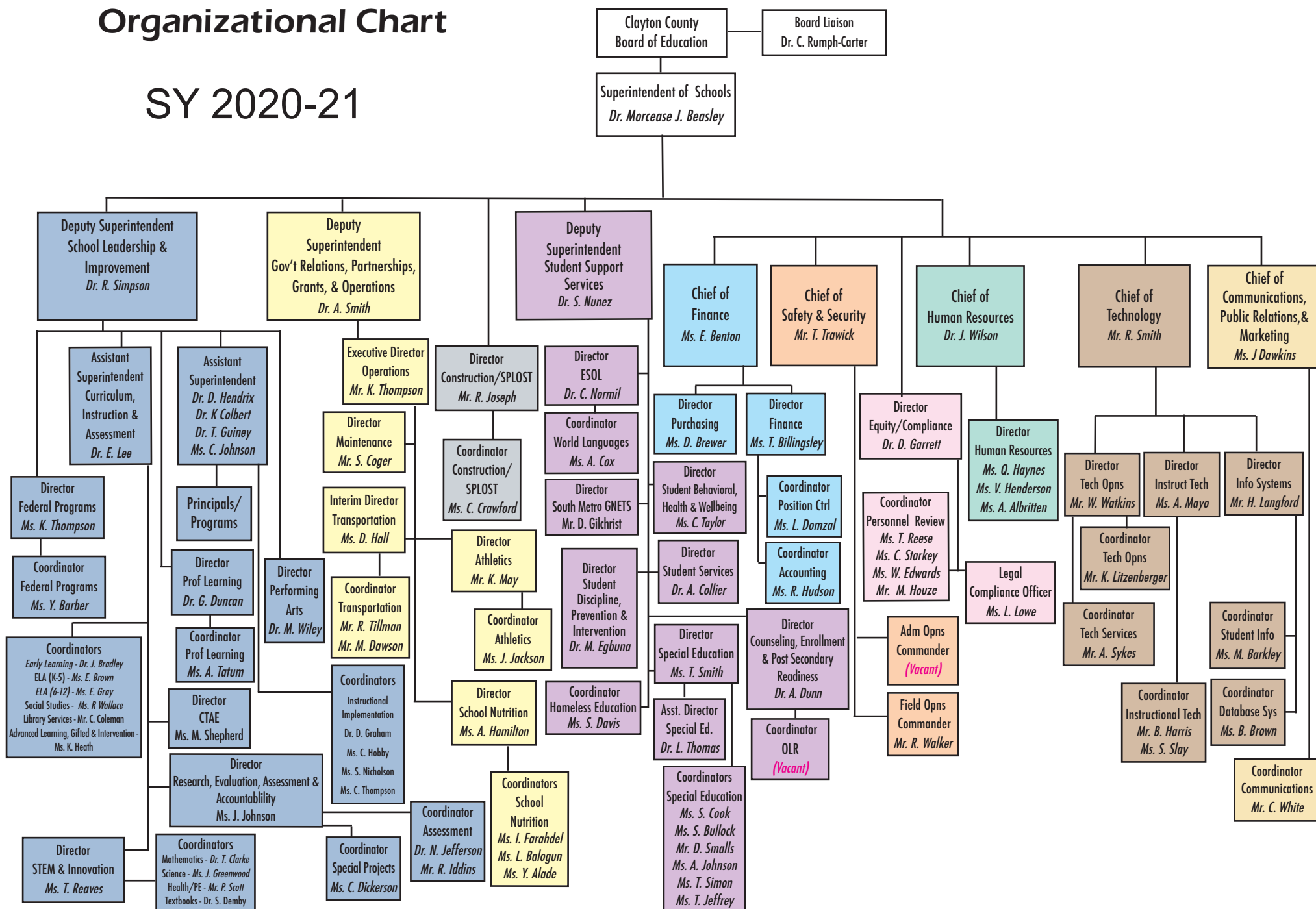
### **Fiscal Year 2021 Executive Cabinet**

Dr. Morcease Beasley - Superintendent/CEO  
Dr. Ralph Simpson - Deputy Superintendent, School Leadership and Improvement  
Dr. Anthony Smith - Deputy Superintendent, Gov't Relations, Partnerships, Grants, & Operations  
Dr. Sandra Nuñez - Deputy Superintendent, Student Support Services  
Jada Dawkins - Chief of Communications, Public Relations, & Marketing  
Emma Benton - Chief of Finance  
Dr. Jamie Wilson - Chief of Human Resources  
Thomas Trawick - Chief of Safety & Security  
Rod Smith - Chief of Technology  
Dr. Keith Colbert - Asst. Superintendent  
Dr. Timothy Guiney - Asst. Superintendent  
Dr. Ebony Lee - Asst. Superintendent  
Dr. Doug Hendrix - Asst. Superintendent  
Charmine Johnson - Asst. Superintendent  
Kemith Thompson - Executive Director of Operations  
Damaris Garrett - Director of Equity & Compliance  
Ronick Joseph - Director of Construction/SPLOST

# Clayton County Public Schools

## Organizational Chart

SY 2020-21



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of the  
Clayton County Board of Education  
Jonesboro, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clayton County Board of Education as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Clayton County Board of Education's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

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Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA



To the Superintendent and Members of the  
Clayton County Board of Education  
Jonesboro, Georgia

## **INDEPENDENT AUDITOR'S REPORT**

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clayton County Board of Education as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *GASB Pronouncements*

As discussed in Note 15 to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which is a change in accounting principle that addresses accounting and financial reporting for fiduciary activities. As a result, beginning fund balance for the School Discretionary Fund has been restated to implement this pronouncement. This affects the comparability of amounts reported for the 2020-2021 fiscal year with amounts reported for the 2019-2020 fiscal year. Our opinion is not modified with respect to this matter.

#### *Reclassification of the School Food Service Fund*

As discussed in Note 15 to the financial statements, the District has reevaluated its classification of funds and has determined that the School Food Service Fund no longer meets the requirements to be classified as a business-type fund. Instead, as of July 1, 2020, the School Food Service Fund has operated as a governmental fund. Our opinion has not been modified with respect to this reclassification.

#### *Prior Period Adjustments*

As discussed in Note 16 to the financial statements, the beginning net position of Governmental Activities and Business-Type Activities and the beginning fund balance for the General Fund, Capital Projects Fund, and the School Food Service fund have been restated as a result of various corrections. Our opinion has not been modified with respect to these prior period adjustments.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability – Teachers Retirement System of Georgia, the Schedule of Contributions – Teachers Retirement System of Georgia, the Schedule of Proportionate Share of the Net Pension Liability – Public School Employees' Retirement System, the Schedule of Proportionate Share of the Net Pension Liability – Employees Retirement System, the Schedule of Contributions – Employees' Retirement System, the Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, and notes to Required Supplementary Information, on pages 43 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

To the Superintendent and Members of the  
Clayton County Board of Education  
Jonesboro, Georgia

## **INDEPENDENT AUDITOR'S REPORT**

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clayton County Board of Education's basic financial statements. The introductory section and combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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* is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining non-major fund financial statements and the schedule of expenditures of federal awards, (collectively the supplementary information) are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Superintendent and Members of the  
Clayton County Board of Education  
Jonesboro, Georgia

## INDEPENDENT AUDITOR'S REPORT

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of Clayton County Board of Education'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 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 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 Clayton County Board of Education's internal control over financial reporting and compliance.



March 31, 2023  
Ocala, Florida

## **BASIC FINANCIAL STATEMENTS**

**CLAYTON COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 101,423,934	\$ 172,170	\$ 101,596,104
Investments	88,922,276	-	88,922,276
Receivables:			
Accounts	283,908	-	283,908
Intergovernmental	78,697,169	-	78,697,169
Taxes	16,483,327	-	16,483,327
Inventories	638,429	-	638,429
Capital Assets, Non-Depreciable	164,386,785	-	164,386,785
Capital Assets, Depreciable (Net of Accumulated Depreciation)	745,854,744	2,704,103	748,558,847
<b>Total Assets</b>	<b>1,196,690,572</b>	<b>2,876,273</b>	<b>1,199,566,845</b>
<b>Deferred Outflows of Resources</b>			
Pension	158,152,859	-	158,152,859
Other Postemployment Benefits	91,112,350	-	91,112,350
<b>Total Deferred Outflows of Resources</b>	<b>249,265,209</b>	<b>-</b>	<b>249,265,209</b>
<b>Liabilities</b>			
Accounts Payable	5,279,513	-	5,279,513
Retainage Payable	8,606,202	-	8,606,202
Accrued Payroll and Payroll Withholdings	60,184,725	-	60,184,725
Unearned Revenue	51,993	-	51,993
Lawsuit Liability	10,000,000	-	10,000,000
Tax Anticipation Notes Payable	20,000,000	-	20,000,000
Long-Term Liabilities:			
Due Within One Year:			
Claims Payable	730,963	-	730,963
Compensated Absences	1,630,749	-	1,630,749
Due in More than One Year:			
Claims Payable	730,963	-	730,963
Compensated Absences	4,892,249	-	4,892,249
Net Pension Liability	528,087,620	-	528,087,620
Net Other Postemployment Benefit Liability	409,845,950	-	409,845,950
<b>Total Liabilities</b>	<b>1,050,040,927</b>	<b>-</b>	<b>1,050,040,927</b>
<b>Deferred Inflows of Resources</b>			
Pensions	19,301,576	-	19,301,576
Other Postemployment Benefits	100,152,530	-	100,152,530
<b>Total Deferred Inflows of Resources</b>	<b>119,454,106</b>	<b>-</b>	<b>119,454,106</b>
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	881,635,327	2,704,103	884,339,430
Restricted for Student Programs	20,501	-	20,501
Restricted for Food Service	19,843,843	-	19,843,843
Unrestricted (Deficit)	(625,038,923)	172,170	(624,866,753)
<b>Total Net Position</b>	<b>\$ 276,460,748</b>	<b>\$ 2,876,273</b>	<b>\$ 279,337,021</b>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 419,747,771	\$ 131,216	\$ 280,718,236	\$ -	\$ (138,898,319)	\$ -	\$ (138,898,319)
Pupil Services	30,789,292	-	24,152,067	-	(6,637,225)	-	(6,637,225)
Improvement of Instructional Services	31,613,468	-	24,382,271	-	(7,231,197)	-	(7,231,197)
Educational Media Services	7,459,679	-	5,844,008	-	(1,615,671)	-	(1,615,671)
General Administration	13,251,432	-	9,909,003	-	(3,342,429)	-	(3,342,429)
School Administration	32,876,816	-	24,951,277	-	(7,925,539)	-	(7,925,539)
Business Services	5,511,358	-	4,498,558	-	(1,012,800)	-	(1,012,800)
Maintenance and Operations	43,079,309	-	33,209,802	-	(9,869,507)	-	(9,869,507)
Student Transportation	25,937,291	83,798	18,551,372	-	(7,302,121)	-	(7,302,121)
Central Support Services	17,406,667	-	13,609,970	-	(3,796,697)	-	(3,796,697)
Other Support Services	6,073,048	-	4,737,250	-	(1,335,798)	-	(1,335,798)
Other Non-Instructional Services	1,432,490	1,562,470	1,495,430	-	1,625,410	-	1,625,410
Community Services	404,598	-	314,864	-	(89,734)	-	(89,734)
Food Service Operations	5,359,045	35,691	24,645,424	-	19,322,070	-	19,322,070
<b>Total Governmental Activities</b>	<b>640,942,264</b>	<b>1,813,175</b>	<b>471,019,532</b>	<b>-</b>	<b>(168,109,557)</b>	<b>-</b>	<b>(168,109,557)</b>
<b>Business-Type Activities</b>							
Performing Arts Center	214,879	66,661	-	-	-	(148,218)	(148,218)
<b>Total Business-Type Activities</b>	<b>214,879</b>	<b>66,661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(148,218)</b>	<b>(148,218)</b>
<b>Total</b>	<b>\$ 641,157,143</b>	<b>\$ 1,879,836</b>	<b>\$ 471,019,532</b>	<b>\$ -</b>	<b>(168,109,557)</b>	<b>(148,218)</b>	<b>(168,257,775)</b>
<b>General Revenues</b>							
Property Taxes					170,685,698	-	170,685,698
Sales Taxes					57,329,415	-	57,329,415
Other Taxes					3,335,152	-	3,335,152
Grants and Contributions not Restricted to Specific Programs					1,540,762	-	1,540,762
Unrestricted Investment Earnings					72,780	-	72,780
<b>Total General Revenues</b>					<b>232,963,807</b>	<b>-</b>	<b>232,963,807</b>
<b>Change in Net Position</b>					<b>64,854,250</b>	<b>(148,218)</b>	<b>64,706,032</b>
<b>Net Position, Beginning of Year, As Restated</b>					<b>211,606,498</b>	<b>3,024,491</b>	<b>214,630,989</b>
<b>Net Position, End of Year</b>					<b>\$ 276,460,748</b>	<b>\$ 2,876,273</b>	<b>\$ 279,337,021</b>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 67,109,359	\$ 16,660,808	\$ 17,653,768	\$ 101,423,935
Investments	86,169,355	2,752,921	-	88,922,276
Receivables:				
Accounts	170,022	-	113,886	283,908
Intergovernmental	38,626,963	-	40,070,206	78,697,169
Taxes	12,176,184	4,307,143	-	16,483,327
Due from Other Funds	30,456,428	-	11,258,261	41,714,689
Inventories	-	-	638,429	638,429
Prepays	-	-	-	-
<b>Total Assets</b>	<u>\$ 234,708,311</u>	<u>\$ 23,720,872</u>	<u>\$ 69,734,550</u>	<u>\$ 328,163,733</u>
<b>Liabilities, Deferred Inflows of Resources, and Funds Balances</b>				
<b>Liabilities</b>				
Accounts Payable	1,832,476	505,196	2,941,842	5,279,514
Retainage Payable	-	8,606,202	-	8,606,202
Due to Other Funds	-	3,531,390	38,183,299	41,714,689
Accrued Payroll and Payroll Withholdings	54,739,911	11,378	5,433,435	60,184,724
Unearned Revenue	-	-	51,993	51,993
Tax Anticipation Notes Payable	-	20,000,000	-	20,000,000
<b>Total Liabilities</b>	<u>56,572,387</u>	<u>32,654,166</u>	<u>46,610,569</u>	<u>135,837,122</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue:				
Property Taxes	9,771,223	-	-	9,771,223
Grant Revenues	-	-	2,677,618	2,677,618
<b>Total Deferred Inflows of Resources</b>	<u>9,771,223</u>	<u>-</u>	<u>2,677,618</u>	<u>12,448,841</u>
<b>Fund Balances (Deficits)</b>				
Non-Spendable - Inventory	-	-	638,429	638,429
Restricted for Student Programs	-	-	20,501	20,501
Restricted for Food Service	-	-	19,843,843	19,843,843
Assigned for Subsequent Year's Budget	9,816,895	-	-	9,816,895
Unassigned	158,547,806	(8,933,294)	(56,410)	149,558,102
<b>Total Fund Balances (Deficits)</b>	<u>168,364,701</u>	<u>(8,933,294)</u>	<u>20,446,363</u>	<u>179,877,770</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 234,708,311</u>	<u>\$ 23,720,872</u>	<u>\$ 69,734,550</u>	<u>\$ 328,163,733</u>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

**Total Fund Balances - Governmental Funds** \$ 179,877,770

Amounts reported for governmental activities in the statement of net position are different because:

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

Cost	1,245,045,573	
Less Accumulated Depreciation	<u>(334,804,044)</u>	910,241,529

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.

Property Taxes		12,448,840
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The net pension liability and related deferred inflows for the Teacher Retirement System (TRS) and the Employees' Retirement System (ERS) are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net Pension Liability - TRS	(527,860,645)	
Pension Related Deferred Outflows of Resources - TRS	158,079,246	
Pension Related Deferred Inflows of Resources - TRS	(19,288,220)	
Net Pension Liability - ERS	(226,975)	
Pension Related Deferred Outflows of Resources - ERS	73,613	
Pension Related Deferred Inflows of Resources - ERS	<u>(13,356)</u>	(389,236,337)

The net OPEB liability and related deferred inflows and outflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Total OPEB Liability	(409,845,950)	
OPEB Related Deferred Outflows of Resources	91,112,350	
OPEB Related Deferred Inflows of Resources	<u>(100,152,530)</u>	(418,886,130)

Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated Absences	(6,522,998)	
Lawsuit Liability	(10,000,000)	
Claims Liability	<u>(1,461,926)</u>	(17,984,924)

**Net Position of Governmental Activities** \$ 276,460,748

The accompanying notes are an integral part of these financial statements.



**CLAYTON COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>General</b>	<b>Capital Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Property Taxes	\$ 167,241,219	\$ -	\$ -	\$ 167,241,219
Sales Taxes	-	57,329,415	-	57,329,415
Other Taxes	3,335,152	-	-	3,335,152
State Sources	329,556,715	-	7,338,434	336,895,149
Federal Sources	6,366,172	5,310,152	122,044,427	133,720,751
Local Sources	-	-	64,184	64,184
Charges for Services	147,575	-	2,005,046	2,152,621
Interest Income	70,555	2,225	-	72,780
Miscellaneous	1,514,200	-	26,562	1,540,762
<b>Total Revenues</b>	<b>508,231,588</b>	<b>62,641,792</b>	<b>131,478,653</b>	<b>702,352,033</b>
<b>Expenditures</b>				
Current:				
Instruction	301,147,151	132,834	49,651,699	350,931,684
Pupil Services	21,737,097	-	5,983,108	27,720,205
Improvement of Instructional Services	16,253,269	-	11,731,151	27,984,420
Educational Media Services	6,631,994	-	75,386	6,707,380
General Administration	6,613,690	-	4,759,233	11,372,923
School Administration	27,655,424	-	982,063	28,637,487
Business Services	5,131,583	-	31,575	5,163,158
Maintenance and Operations	26,998,219	-	11,117,878	38,116,097
Student Transportation	8,272,580	-	13,019,503	21,292,083
Central Support Services	13,719,443	-	1,901,212	15,620,655
Other Support Services	4,826,576	-	610,537	5,437,113
Other Non-Instructional Services	256,487	-	1,029,310	1,285,797
Community Service	-	-	361,380	361,380
Food Service Operations	-	-	26,236,643	26,236,643
Capital Outlay	-	84,633,274	131,077	84,764,351
<b>Total Expenditures</b>	<b>439,243,513</b>	<b>84,766,108</b>	<b>127,621,755</b>	<b>651,631,376</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>68,988,075</b>	<b>(22,124,316)</b>	<b>3,856,898</b>	<b>50,720,657</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	43,141	-	1,334,519	1,377,660
Transfers Out	(1,334,519)	-	(43,141)	(1,377,660)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,291,378)</b>	<b>-</b>	<b>1,291,378</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>67,696,697</b>	<b>(22,124,316)</b>	<b>5,148,276</b>	<b>50,720,657</b>
<b>Fund Balances, Beginning of Year, As Restated</b>	<b>100,668,004</b>	<b>13,191,022</b>	<b>15,298,087</b>	<b>129,157,113</b>
<b>Fund Balances, End of Year</b>	<b>\$ 168,364,701</b>	<b>\$ (8,933,294)</b>	<b>\$ 20,446,363</b>	<b>\$ 179,877,770</b>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 50,720,657**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report to capital outlays as expenditures. However, in the statement of activities, the cost to those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ 82,293,168	
Depreciation	<u>(23,716,525)</u>	58,576,643

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property Taxes	3,444,478
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(512,960)	
Lawsuit Liability	(10,000,000)	
Workers' Compensation Claims Payable	754,003	
Change in Net Pension Liability and Deferred Outflows and Deferred Inflows Related to TRS Pension Activity	(32,878,306)	
Change in Net Pension Liability and Deferred Outflows and Deferred Inflows Related to ERS Pension Activity	20,968	
Change in Net OPEB Liability and Deferred Outflows and Deferred Inflows Related to TRS Pension Activity	<u>(5,271,233)</u>	<u>(47,887,528)</u>

**Change in Net Position of Governmental Activities** **\$ 64,854,250**

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET (NON-GAAP) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Budget</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
Property Taxes	\$ 126,750,719	\$ 126,750,719	\$ 167,241,219	\$ 40,490,500
Other Taxes	1,086,617	1,086,617	3,335,152	2,248,535
State Sources	310,776,523	310,776,523	329,556,715	18,780,192
Federal Sources	690,000	690,000	6,366,172	5,676,172
Charges for Services	90,000	90,000	147,575	57,575
Interest Income	330,000	330,000	70,555	(259,445)
Miscellaneous	4,800,000	4,941,223	1,514,200	(3,427,023)
<b>Total Revenues</b>	<b>444,523,859</b>	<b>444,665,082</b>	<b>508,231,588</b>	<b>63,566,506</b>
<b>Expenditures</b>				
Current:				
Instruction	312,502,321	311,398,903	301,147,151	10,251,752
Pupil Services	19,700,527	22,988,510	21,737,097	1,251,413
Improvement of Instructional Services	15,058,321	16,998,279	16,253,269	745,010
Educational Media Services	6,677,659	6,590,564	6,631,994	(41,430)
General Administration	6,460,583	7,927,983	6,613,690	1,314,293
School Administration	35,704,580	36,663,016	27,655,424	9,007,592
Business Services	5,195,153	4,977,924	5,131,583	(153,659)
Maintenance and Operations	41,457,007	43,619,740	26,998,219	16,621,521
Student Transportation	22,706,019	21,712,571	8,272,580	13,439,991
Central Support Services	18,877,686	17,549,081	13,719,443	3,829,638
Other Support Services	4,697,169	3,842,876	4,826,576	(983,700)
Other Non-Instructional Services	436,113	3,842,876	256,487	3,586,389
<b>Total Expenditures</b>	<b>489,473,138</b>	<b>498,112,323</b>	<b>439,243,513</b>	<b>58,868,810</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(44,949,279)</b>	<b>(53,447,241)</b>	<b>68,988,075</b>	<b>4,697,696</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	17,450,000	-	43,141	43,141
Transfers Out	(1,014,043)	(1,395,707)	(1,334,519)	61,188
<b>Total Other Financing Sources (Uses)</b>	<b>16,435,957</b>	<b>(1,395,707)</b>	<b>(1,291,378)</b>	<b>104,329</b>
<b>Net Change in Fund Balances</b>	<b>\$ (28,513,322)</b>	<b>\$ (54,842,948)</b>	<b>\$ 67,696,697</b>	<b>\$ 4,802,025</b>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Business-Type Activities Enterprise Funds Performing Arts Center
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 172,170
Total Current Assets	<u>172,170</u>
Capital Assets:	
Buildings	7,308,375
Furniture and Equipment	<u>6,167</u>
Total Depreciable Assets	7,314,542
Less Accumulated Depreciation and Amortization	<u>(4,610,439)</u>
Total Capital Assets	<u>2,704,103</u>
<b>Total Assets</b>	<u>2,876,273</u>
<b>Net Position</b>	
Investment in Capital Assets	2,704,103
Unrestricted	<u>172,170</u>
<b>Total Net Position</b>	<u>\$ 2,876,273</u>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Funds Performing Arts Center</b>
<b>Operating Revenues</b>	
Local Sources	\$ 66,661
<b>Total Operating Revenues</b>	<u>66,661</u>
<b>Operating Expenses</b>	
Enterprise Operation	68,712
Depreciation	<u>146,167</u>
<b>Total Operating Expenses</b>	<u>214,879</u>
<b>Operating Loss</b>	<u>(148,218)</u>
<b>Change in Net Position</b>	(148,218)
<b>Net Position, Beginning of Year</b>	<u>3,024,491</u>
<b>Net Position, End of Year</b>	<u><u>\$ 2,876,273</u></u>

The accompanying notes are an integral part of these financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Funds Performing Arts Center</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from Local Sources	\$ 66,661
Payments to Suppliers	(69,712)
<b>Net Cash Used in Operating Activities</b>	<u>(3,051)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(3,051)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>175,221</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 172,170</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
Operating Loss	\$ (148,218)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	146,167
Decrease in Accounts Payable	(1,000)
<b>Net Cash Used in Operating Activities</b>	<u><u>\$ (3,051)</u></u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Clayton County Board of Education (the School System) operates under a Board/Superintendent form of government. The nine-member Board is elected by the public and the Board appoints the superintendent. These nine elected members have decision making authority, the power to designate management, and the ability to significantly influence operations. The Board determines the millage rate at which school taxes are levied and may incur bonded indebtedness with voter approval.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School System. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the School System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for amounts related to reimbursement based grants, which are considered available when all eligibility criteria have been met and are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School System must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School System on a reimbursement basis.

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally, September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures.

At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year is accrued, as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

The School System reports the following major governmental funds:

- The **General Fund** is the School System's primary operating fund. It accounts for all financial resources of the School System, except those required to be accounted for 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 that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the School System reports the following governmental fund types:

- The **Special Revenue Funds** account for federal and state funded programs. These grants are awarded to the School System for the purpose of accomplishing specific educational tasks as defined in the grant agreements. These funds also contain several locally funded programs whose expenditures are limited to specific purposes. School Activity Funds are also reported as special revenue funds. The School Activity Funds are used to account for funds collected primarily through the fund raising efforts of the individual school. Each school's principal is responsible, under the authority of the Board, for collecting, controlling, disbursing, and accounting for his or her school's funds. All resources of the fund, including earnings on invested resources, may be used to support the schools' activities.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the School System's Performing Arts Center program and the General Fund. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The School System reports the following proprietary fund types:

- The **Performing Arts Center Fund** accounts for the financial activities related to the operations of the Performing Arts Center, including managing relating capital assets, collecting rental revenue and personnel expenses incurred during the course of operations.

When both restricted and unrestricted resources are available for use, it is the School System's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Cash and Investments**

The School System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. On-Behalf Payments**

The State of Georgia makes certain pension plan payments on behalf of the School System for its employees. The School System records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2021, was \$1,178,111.

**G. Inventories**

Inventories are stated at cost using the first-in/first-out method. Donated food commodities are recorded at fair value. The School System utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**H. Non-Monetary Transactions**

The School System received from the United States Department of Agriculture through the Georgia Department of Education approximately \$2,636,532 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenue and an expense in the financial statements.

**I. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Improvements	20-50
Buildings	20-50
Machinery and Equipment	4-10

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the pension and the other postemployment benefit (OPEB) related items discussed below, the School System did not have any items that qualified for reporting in this category for the year ended June 30, 2021.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other than the pension and OPEB related items discussed below, the School System has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category.

Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant revenues, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Certain changes in the net pension liability and net OPEB liability are recognized as pension/OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the plans' actuary which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members.

The difference between projected investment return on pension and OPEB investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the School System to the pension plan or OPEB plan before year-end but subsequent to the measurement date of the School System's net pension liability and net OPEB liability are reported as deferred outflows of resources.

**K. 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 fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Public School Employees' Retirement System (PSERS), and the Employees' Retirement System (ERS), and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by each 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. The School System also had deferred inflows and outflows related to the recording of changes in its net pension liability.

**L. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability (asset), 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' Postemployment Benefit Fund (the School OPEB Fund) and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the 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.

**M. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**N. Compensated Absences**

It is the School System's policy to permit employees to accumulate unused vacation and sick pay benefits. Accumulated unpaid sick leave benefits do not vest and, therefore, are not accrued in any fund but are recognized as expenditures or expenses when incurred. Accumulated unpaid vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**O. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

**Fund Balance** - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School System is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance-terms are classified as follows:

- **Non-Spendable:** Fund balances that are not in spendable form (e.g., prepaid items) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).
- **Restricted:** Fund balances that can be spent only for the specific purposes stipulated by external parties, either constitutionally or through enabling legislation (e.g., grants or donations).
- **Committed:** Fund balances that can be used only for the specific purposes determined by an approved resolution of the Clayton County Board of Education. Commitments may be changed or lifted only by referring to formal action that imposed the original constraint on the fund (e.g., the School System's commitment in connection with future construction projects). The Clayton County Board of Education is the School System's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board.
- **Assigned:** Fund balances intended to be used by the School System for specific purposes. Pursuant to the fund balance policy, intent can be expressed by the Clayton County Board of Education or by a designee to whom the Clayton County Board of Education delegates authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at minimum, intended to be used for the purpose of that fund. The Clayton County Board of Education has authorized the Superintendent and the Chief Financial Officer as officials authorized to assign fund balance to a specific purpose as approved by the fund balance policy.
- **Unassigned:** Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The School System reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds. The responsibility for designating funds to specific classifications is as follows:

When multiple categories of fund balance are available for expenditures (e.g., a project is being funded partly by a grant, funds set aside by the Clayton County Board of Education, and unassigned fund balance), the School System will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

**CLAYTON COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**P. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Q. Tax Abatement Agreements**

GASB Statement No. 77, *Tax Abatement Disclosures*, requires the School System to disclose information for any tax abatement agreements either entered into by the School System, or agreements entered into by other governments that reduce the School System's tax revenues. As of June 30, 2021, the School System did not have any such agreements, either entered into by the School System or by other governments that exceeded the quantitative threshold for disclosure.

**R. Tax Anticipation Notes**

Due to the nature of seasonal or periodic receipt of tax revenues, the School System, from time to time, incurs a Tax Anticipation Note to provide funds ahead of expected tax receipts to fund certain projects and activities.

**Note 2 - Stewardship, Compliance, and Accountability**

The School System adopts an annual budget for the General Fund and Special Revenue Funds, except that an annual budget is not adopted for the School Discretionary Special Revenue Fund. The budget is prepared in accordance with provisions of the *Quality Basic Education Act*, O.C.G.A. Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Clayton County Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget. The legal level of budgetary control is considered to be the function level for both the General Fund and Special Revenue Funds. The School System did not prepare a budget for the Title I special revenue fund.

The following General Fund functions and transfers had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2021:

**General Fund**

Educational Media Services	\$ 41,430
Business Services	153,659
Other Support Services	983,700

These over expended departments were funded with revenues and financing arrangements recognized in excess of anticipated levels.

**CLAYTON COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 3 - Deposits and Investments**

**Credit Risk**

State statutes authorize the School System to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). The local government investment pool, Georgia Fund 1, created by O.C.G.A. Section 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the U.S Securities and Exchange Commission as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability.

The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Clayton County Board of Education's investment in the Georgia Fund 1 is reported at fair value. The Clayton County Board of Education considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. The School System does not have a policy for credit risk beyond the types of investments authorized by Georgia State law.

At June 30, 2021, the School System had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	36 days	\$ 88,922,276

**Interest Rate Risk**

The School System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Fair Value Measurements**

The School System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School System does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

**Credit Custodial Credit Risk – Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the School System's bank balance was fully collateralized.

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**Note 4 - Receivables**

Receivables at June 30, 2021, for the School System's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General</b>	<b>Capital Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
Intergovernmental	\$ 38,626,963	\$ -	\$ 40,070,206	\$ 78,697,169
Taxes	21,180,546	4,307,143	-	25,487,689
Accounts	170,022	-	113,886	283,908
	59,977,531	4,307,143	40,184,092	104,468,766
Less Allowance for Uncollectible	(9,004,362)	-	-	(9,004,362)
<b>Net Total Receivable</b>	<b>\$ 50,973,169</b>	<b>\$ 4,307,143</b>	<b>\$ 40,184,092</b>	<b>\$ 95,464,404</b>

Intergovernmental receivables consist of grant reimbursements due primarily from the Georgia Department of Education, sales taxes which are collected by the state on the School System's behalf, and property taxes collected by Clayton County Tax Commissioner on the School System's behalf.

**Note 5 - Taxes**

*Property Taxes*

Clayton County bills and collects property taxes for the School System. Property taxes are levied (assessed) on all taxable real, public utility, and personal property (including vehicles) located within the County as of January 1st of each year. State law limits the School System's tax levy for operations to 20 mills (one mill equals \$1 per thousand dollars of assessed value). Assessed values for property tax purposes are determined by the Clayton County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. The State of Georgia establishes values for public utilities and motor vehicles.

Real property taxes were levied on September 18, 2020, and were due October 18, 2020. Clayton County may place liens on property once the related tax payments become delinquent. The property tax receivable allowance is equal to 50% of outstanding property taxes at June 30, 2021, net of amounts collected within 60 days of year-end. Vehicle personal property taxes are due upon each respective payor's date of birth on an annual basis.

*Sales Taxes*

ESPLOST, at the fund reporting level during the year amount to \$57,329,415 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 reauthorized at least every five years.



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**Note 6 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021, is as follows:

	Beginning Balance, As Adjusted	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital Assets, Not Being					
Depreciated:					
Land	\$ 34,646,034	\$ -	\$ -	\$ -	\$ 34,646,034
Construction in Progress	91,937,869	81,035,854	-	(43,232,972)	129,740,751
Total	126,583,903	81,035,854	-	(43,232,972)	164,386,785
Capital Assets, Being					
Depreciated:					
Buildings	945,254,223	-	-	43,232,972	988,487,195
Improvements	29,704,548	-	-	-	29,704,548
Machinery and Equipment	61,420,953	1,257,314	(237,062)	-	62,441,205
Intangibles	25,840	-	-	-	25,840
Total	1,036,405,564	1,257,314	(237,062)	43,232,972	1,080,658,788
Less Accumulated					
Depreciation for:					
Buildings	(262,132,138)	(18,956,336)	-	-	(281,088,474)
Improvements	(4,575,427)	(1,377,497)	-	-	(5,952,924)
Machinery and Equipment	(44,613,286)	(3,376,232)	237,062	-	(47,752,456)
Intangibles	(3,730)	(6,460)	-	-	(10,190)
Total	(311,324,581)	(23,716,525)	237,062	-	(334,804,044)
Total Capital Assets, Being					
Depreciated, Net	725,080,983	(22,459,211)	-	43,232,972	745,854,744
<b>Governmental Activities</b>					
<b>Capital Assets, Net</b>	<u>\$ 851,664,886</u>	<u>\$ 58,576,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,241,529</u>
	Beginning Balance, As Adjusted	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities</b>					
Capital Assets, Being					
Depreciated:					
Buildings	\$ 7,308,375	\$ -	\$ -	\$ -	\$ 7,308,375
Machinery and Equipment	6,167	-	-	-	6,167
Total	7,314,542	-	-	-	7,314,542
Less Accumulated					
Depreciation for:					
Buildings	(4,458,105)	(146,167)	-	-	(4,604,272)
Machinery and Equipment	(6,167)	-	-	-	(6,167)
Total	(4,464,272)	(146,167)	-	-	(4,610,439)
<b>Business-Type Activities</b>					
<b>Capital Assets, Net</b>	<u>\$ 2,850,270</u>	<u>\$ (146,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,704,103</u>

As discussed further in Notes 15 and 16, the School System determined a reclassification of the School Food Service Fund and recognized a prior period adjustment which both affected the beginning balance of Capital Assets requiring a restatement.

Depreciation expense was charged to functions/programs of the School System as follows:

<b>Governmental Activities</b>	
Instruction	\$ 20,664,675
Pupil Services	893
Improvement of Instructional Services	46,846
Educational – Media Services	9,286
General Administration	135,653
School Administration	215,508

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**Governmental Activities**

Business Administration	422,553
Maintenance and Operations	277,418
Student Transportation	1,724,800
Central Support Services	55,218
Other Non-Instructional Services	5,768
Food Service Operations	<u>157,907</u>

**Total Depreciation Expense –**

<b>Governmental Activities</b>	<u>\$ 23,716,525</u>
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**Business-Type Activities**

Performing Arts Center	<u>\$ 146,167</u>
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**Total Depreciation Expense**

<b>Business-Type Activities</b>	<u>\$ 146,167</u>
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**Note 7 - Short-Term Debt**

The School System issued a tax anticipation note in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash for operations until property tax collections were received by the School System. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred. The maturity date of the loan was December 31, 2020. One draw totaling \$30,000,000 was required to meet the cash flow needs of the School System. The note was repaid on December 31, 2020.

On May 25, 2021, the School System issued a second tax anticipation note in advance of Special Purpose Local Option Sales Tax (SPLOST) collections, depositing the proceeds in its Capital Projects Fund. This short-term debt is provide cash for capital project activities until SPLOST collections were received by the School System. The maturity date of the loan was December 31, 2021. One draw totaling \$20,000,000 was required to meet the cash flow needs of the School System. Subsequent to fiscal year-end the note was repaid on December 17, 2021.

	<b>Beginning Balance</b>		<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Tax Anticipation Note, Series 2020	\$ -	\$	30,000,000	\$ (30,000,000)	\$ -
Tax Anticipation Note, Series 2021	-		20,000,000	-	20,000,000
Tax Anticipation Note	<u>\$ -</u>	\$	<u>50,000,000</u>	<u>\$ (30,000,000)</u>	<u>\$ 20,000,000</u>

**Note 8 - Long-Term Debt**

Changes in long-term debt for the year ended June 30, 2021, are as follows:

	<b>Beginning Balance, As Adjusted</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Claims Payable	\$ 2,215,929	\$ 454,932	\$ (1,208,935)	\$ 1,461,926	\$ 730,963
Compensated Absences	6,010,038	3,157,157	(2,644,197)	6,522,998	1,630,749
Net Pension Liability	467,584,423	60,503,197	-	528,087,620	-
Net OPEB Liability	347,674,422	62,171,528	-	409,845,950	-
<b>Total Governmental Activities</b>					
<b>Long-Term Debt</b>	<u>\$ 823,484,812</u>	<u>\$ 126,286,814</u>	<u>\$ (3,853,132)</u>	<u>\$ 945,918,494</u>	<u>\$ 2,361,712</u>

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As discussed further in Notes 15 and 16, the School System determined that the School Food Service Fund no longer met the definition of a Business-Type Activity and recognized prior period adjustments, which both affected the beginning balance of Long-Term Debt requiring a restatement, to reclassify the fund as a Governmental Activity.

The balance of claims payable is related to workers' compensation claims. For governmental activities, compensated absences, claims payable, net pension liability, and net OPEB liability are liquidated primarily by the General Fund.

**Note 9 - Interfund Receivables, Payable, and Transfers**

The composition of interfund balance as of June 30, 2021, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 10,386,488
General Fund	Capital Projects	3,531,390
General Fund	Non-Major Governmental	16,538,550
Non-Major Governmental	Non-Major Governmental	<u>11,258,261</u>
		<u>\$ 41,714,689</u>

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Non-Major Governmental	\$ 1,334,519
Non-Major Governmental	General Fund	<u>43,141</u>
		<u>\$ 1,377,660</u>

Transfers are used to: (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 10 - Retirement Plans**

The School System participates in three defined benefit pension plans: the TRS, the PSERS, and the ERS. The net pension liability, and related deferred outflows of resources, inflows of resources, and deferred inflows of resources for the plans are summarized below.

	<u>TRS</u>	<u>ERS</u>	<u>PSERS</u>	<u>Total</u>
Net Pension Liability	\$ 527,860,645	\$ 226,975	\$ -	\$ 528,087,620
Deferred Outflows of Resources	158,079,246	73,613	-	158,152,859
Deferred Inflows of Resources	19,288,220	13,356	-	19,301,576
Pension Expense	88,056,016	24,589	1,218,663	89,299,268

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**Teachers Retirement System**

*Plan Description*

All teachers of the School System as defined in §47-3-60 of the Official Code of Georgia Annotated (OCGA) and certain other support personnel as defined by §47-3-63 are provided a pension through the 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 OCGA assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available 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 OCGA, contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to OCGA §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% of their annual pay during fiscal year 2021. The School System's contractually required contribution rate for the year ended June 30, 2021, was 19.06% of annual School System payroll. School System contributions to TRS were \$58,822,707 for the year ended June 30, 2021.

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

At June 30, 2021, the School System reported a liability of \$527,860,645 for its proportionate share of the net pension liability that reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System 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 System were as follows:

School System's Proportionate Share of the Net Pension Liability	\$ 527,860,645
State of Georgia's Proportionate Share of the Net Pension	
Liability Associated with the School System	<u>610,927</u>
<b>Total</b>	<b><u>\$ 528,471,572</u></b>

The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, was determined using standard roll-forward techniques. The School

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System's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30 2020, the School System's proportion was 2.179089%, which was an increase of 0.00541% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized pension expense of \$88,056,016 and revenue of \$37,736 for support provided by the State of Georgia for certain support personnel. At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 22,988,496	\$ -
Changes in Assumptions	54,370,254	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	12,713,611	-
Changes in Proportion and Differences Between School System Contributions and Proportionate Share of Contributions	12,184,178	19,288,220
School System Contributions Subsequent to the Measurement Date	<u>55,822,707</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 158,079,246</u></u>	<u><u>\$ 19,288,220</u></u>

School System contributions, subsequent to the measurement date, of \$55,822,707 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2022	\$ 19,219,522
2023	27,319,865
2024	24,143,674
2025	<u>12,285,258</u>
	<u><u>\$ 82,968,319</u></u>

**Actuarial Assumptions**

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

Inflation	2.50%
Salary Increases	3.00 - 8.75% Average, Including Inflation
Investment Rate of Return	7.25% Net of Pension Plan Investment Expense, Including Inflation
Postretirement Benefit Increase	1.50% Semi-Annually

Postretirement mortality rates 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. Postretirement 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

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the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of long-term assumed rate of return.

The long-term expected rate of return on pension 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 pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Fixed Income	30.00%	(0.10)%
Domestic Large Equities	51.00%	8.90%
Domestic Small Equities	1.50%	13.20%
International Developed Market Equities	12.40%	8.90%
International Emerging Market Equities	5.10%	10.90%
<b>Total</b>	<b>100.00%</b>	

\*Rates shown are net of the 2.50% assumed rate of inflation.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

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	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School System's Proportionate Share of the Net Pension Liability	\$ 837,060,975	\$ 527,860,645	\$ 274,405,029

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at [www.trsga.com/publications](http://www.trsga.com/publications).

**Public School Employees Retirement System**

*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 TRS. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the OCGA 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 <https://www.ers.ga.gov/financials>.

*Benefits Provided*

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

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

*Contributions*

The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with OCGA §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.

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*Pension Liabilities and Pension Expense*

At June 30, 2021, the School System did not have a liability for a proportionate share of the net pension liability of PSERS because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School System is as follows:

State of Georgia's Proportionate Share of the Net Pension Liability Associated with the School System	\$ <u>6,055,946</u>
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For the year ended June 30, 2021, the School System recognized pension expense of \$1,218,663 and revenue of \$1,218,663 for support provided by the State of Georgia.

*Actuarial Assumptions*

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

Inflation	2.75%
Salary Increases	N/A
Investment Rate of Return	7.30% Net of Pension Plan Investment Expense, Including Inflation

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

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

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



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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.00%	(0.10)%
Domestic Large Equities	46.20%	8.90%
Domestic Small Equities	1.30%	13.20%
International Developed Market Equities	12.40%	8.90%
International Emerging Market Equities	5.10%	10.90%
Alternatives	5.00%	12.00%
<b>Total</b>	<u>100.00%</u>	

\*Rates shown are net of the 2.75% assumed rate of inflation.

*Discount Rate*

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

**Employees' Retirement System**

*Plan Description*

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

*Benefits Provided*

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

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

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

*Contributions*

Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The School System's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2021, was 24.66% of annual covered payroll for Old and New Plan members and 21.57% for GSEPS members. The School System's contributions to ERS totaled \$45,557 for the year ended June 30, 2021. 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.

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

At June 30, 2021, the School System reported a liability for its proportionate share of the net pension liability of ERS in the amount of \$226,975. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the School System's proportion was 0.005385%, which was a increase of 0.000910% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized pension expense of \$24,589. At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 2,765	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,206	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	22,085	13,356
Employer Contributions Subsequent to the Measurement Date	45,557	-
<b>Total</b>	<u>\$ 73,613</u>	<u>\$ 13,356</u>

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School System contributions subsequent to the measurement date of \$45,557 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ (904)
2023	9,079
2024	3,721
2025	<u>2,804</u>
	<u>\$ 14,700</u>

*Actuarial Assumptions*

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

Inflation	2.75%
Salary Increases	3.25 - 7.00%, Including Inflation
Investment Rate of Return	7.30% Net of Pension Plan Investment Expense, Including Inflation

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

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

The long-term expected rate of return on pension 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 pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.00%	(0.10)%
Domestic Large Equities	46.20%	8.90%
Domestic Small Equities	1.30%	13.20%
International Developed Market Equities	12.40%	8.90%
International Emerging Market Equities	5.10%	10.90%
Alternatives	5.00%	12.00%
<b>Total</b>	<u>100.00%</u>	

\*Rates shown are net of the 2.75% assumed rate of inflation.

*Discount Rate*

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

*Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
Employer's Proportionate Share of the Net Pension Liability	\$ 319,315	\$ 226,975	\$ 148,175

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report, which is publicly available at <https://www.ers.ga.gov/financials>.

**Note 11 - Other Postemployment Benefits**

*Plan Description*

The School System participates in the State of Georgia School Employees Postemployment Benefit Fund (the School OPEB Fund) which is an other postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the Board as defined in §20-2-875 of the Official Code of Georgia Annotated (OCGA) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment

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healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the OCGA assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Annual Comprehensive Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/swar/acfr>.

*Benefits*

The contribution requirements of plan members and participating employers are established and may be amended by the Board of the State of Georgia Department of Community Health. 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 ERS, Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), TRS or PSERS. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

*Contributions*

As established by the DCH 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 required and made to the School OPEB Fund from the School System were \$10,636,991 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2021, the School System reported a liability of \$409,845,950 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020, was determined using standard roll forward techniques. The School System's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2020. At June 30, 2020, the School System's proportion was 2.790408%, which was a decrease of 0.042629% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School System recognized OPEB expense of \$15,908,224. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 44,742,453
Changes in Assumptions	67,779,418	36,467,474
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,068,214	-
Changes in Proportion and Differences Between School System Contributions and Proportionate Share of Contributions	11,627,727	18,942,603
School System Contributions Subsequent to the Measurement Date	<u>10,636,991</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 91,112,350</u></u>	<u><u>\$ 100,152,530</u></u>

School System contributions subsequent to the measurement date of \$10,636,991 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	
2022	\$ (8,517,709)
2023	(8,546,376)
2024	(6,836,503)
2025	(2,041,173)
2026	4,103,457
2027	<u>2,161,133</u>
	<u><u>\$ (19,677,171)</u></u>

*Actuarial Assumptions*

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

Inflation Rate	2.50%
Salary Increases	TRS – 3.00 - 8.75%, Including Inflation
Long-Term Expected Rate of Return	7.30%, Compounded Annually, Net of Investment Expense, and Including Inflation
Healthcare Cost Trend Rate	Pre-Medicare Eligible – 7.00%, Medicare Eligible – 5.25%
Ultimate Trend Rate	Pre-Medicare Eligible – 4.50%, Medicare Eligible – 4.50%
Year of Ultimate Trend	Pre-Medicare Eligible – 2029, Medicare Eligible – 2023

Mortality rates were based on the mortality tables, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.00%	0.50%
Equities	70.00%	9.20%
<b>Total</b>	<b>100.00%</b>	

\*Rates shown are net of the 2.50% assumed rate of inflation.

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*Discount Rate*

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 2.22% was used as the discount rate, as compared with last year's rate of 3.58%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate). The projection of cashflows 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 2118.

*Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

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

	<b>1% Decrease (1.22 %)</b>	<b>Current Discount Rate (2.22%)</b>	<b>1% Increase (3.22%)</b>
School System's Proportionate Share of the Net OPEB Liability	\$ 481,501,375	\$ 409,845,950	\$ 352,541,623

*Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the School System's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
School System's Proportionate Share of the Net OPEB Liability	\$ 341,237,950	\$ 409,845,950	\$ 498,673,380

*OPEB Plan Fiduciary Net Position*

Detailed information about the OPEB plan's fiduciary net position is available in the 2020 State of Georgia Annual Comprehensive Financial Report which is publicly available at: <https://www.ers.ga.gov/financials>.

**Note 12 - Risk Management**

The School System is exposed to various risks of loss for claims associated with torts; theft of, damage to, and destruction of assets; errors and omissions; natural disaster; Workers' Compensation; unemployment compensation; and dental benefits. The School System is self-insured for workers' compensation. The School System purchases commercial insurance for all other risks of loss. The School System has not experienced any significant reduction in insurance coverage from the previous years nor has it paid any settlements in excess of insurance coverage in the past three years.

**Workers' Compensation**

The School System is partially self-insured for workers' compensation claims of its employees. Claims exceeding \$250,000, but less than \$2,000,000 per occurrence are covered through a private insurance carrier. The School System is liable for any other claims filed. The School System has entered into a contract with a third-party to administer the program. Activity is accounted for in the General Fund.



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Changes in the balances of workers' compensation claims liabilities for the past two fiscal years for which the School System is self-insured are as follows:

<u>Worker's Compensation</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Unpaid Claims, Beginning of Fiscal Year,</b>		
<b>As Originally Reported</b>	\$ 3,605,015	\$ 3,271,050
Prior Period Adjustment, see Note 16	(1,389,086)	-
<b>Unpaid Claims, Beginning of Fiscal Year, As Restated</b>	2,215,929	3,271,050
Incurred Claims (Including IBNRs)	454,932	2,181,955
Claim Payments and Changes in Estimates	(1,208,935)	(1,847,990)
<b>Unpaid Claims, End of Fiscal Year</b>	<u>\$ 1,461,926</u>	<u>\$ 3,605,015</u>

As discussed further in Note 16, the School System recognized a prior period adjustment to Claims Payable.

**Note 13 - Commitments and Contingencies**

The School System is involved in a number of legal matters, which either have or could result in litigation. Subsequent to year-end, the School System settled in a wrongful death lawsuit and a material liability has been recorded in recognition of that event. See Note 14 for a further description of the event. The outcome of other lawsuits is not presently determinable, in the opinion of the School System's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School System.

The School System participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School System has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the School System, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The School System is committed under outstanding construction contracts in the Capital Projects Fund in the amount of \$52,219,910. Construction contracts include expansion and renovation of existing facilities.

**Note 14 - Subsequent Events**

In February 2021, the School System became a party to a wrongful death lawsuit. On November 29, 2022, the School System entered into a settlement agreement to resolve the matter for a cash payment of \$10,000,000. The settlement amount has been recognized as a liability in the entity-wide financial statements. The settlement will be recognized in the General Fund in the fund-level financial statements in the year budgeted and paid.

**Note 15 - Accounting Changes**

The Clayton County Board of Education has determined that, due to a transition in the main source of funding for the School Food Service Fund, it no longer meets the definition of a proprietary fund. Therefore, as of July 1, 2020, the School Food Service Fund is being reported as a non-major special revenue fund. The reclassification required a restatement of beginning fund balance in related funds.

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Additionally, the beginning fund balance of the School Food Service Fund has been restated on the fund basic financial statements to record a prior period adjustment to correct capital assets as well as to remove non-governmental fund activity associated with the reclassification of the School Food Service Fund from business-type fund to a governmental fund.

See below for the effects of this reclassification on the entity-wide level:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning Net Position, As Originally Reported	\$ 229,172,970	\$ (18,604,432)	\$ 210,568,538
School Food Service Fund	(21,628,923)	21,628,923	-
Prior Period Adjustments, per Note 16	<u>3,499,581</u>	<u>-</u>	<u>3,499,581</u>
Beginning Net Position, As Restated	<u>\$ 211,043,628</u>	<u>\$ 3,024,491</u>	<u>\$ 214,068,119</u>

See below for the effects of this reclassification on the fund level:

Beginning Net Position, As Originally Reported	\$ (21,628,923)
Fund Level Adjustments:	
Capital Assets, Net	\$ (1,032,173)
Deferred Outflows – Pension	(1,330,693)
Deferred Outflows – Other Postemployment Benefits	(2,717,569)
Net Pension Liability	4,159,858
Other Postemployment Benefits Liability	25,171,628
Compensated Absences	56,633
Deferred Inflows – Pension	340,937
Deferred Inflows – Other Postemployment Benefits	7,491,660
Prior Period Adjustments to Capital Assets	<u>(9,243)</u>
Total Fund Level Adjustments	<u>32,131,038</u>
<b>Beginning Fund Balance, As Restated</b>	<b><u>\$ 10,502,115</u></b>

Additionally, during the fiscal year the School System adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The School System considers the school internal funds accounts to not meet the criteria for reporting as fiduciary activities in the custodial funds. Amounts previously reported as fiduciary funds are reported as a governmental special revenue fund within the School Discretionary Fund.

See below for the effects of this implementation:

Beginning Net Position, As Originally Reported	\$ 4,171,168
Adjustment to implement GASB 84	<u>562,870</u>
<b>Beginning Fund Balance, As Restated</b>	<b><u>\$ 4,734,038</u></b>

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**Note 16 - Prior Period Adjustments**

**General Fund**

The beginning fund balance of the General Fund has been restated on the fund basis financial statements to record a prior period adjustment to correct interfund receivables recorded in prior years. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the General Fund is as follows:

Fund Balance, as Originally Stated	\$ 97,136,614
Adjustment to Correct Interfund Receivables from the Capital Projects Fund	<u>3,531,390</u>
Fund Balance, as Restated	<u>\$ 100,668,004</u>

**Capital Projects Fund**

The beginning fund balance of the Capital Projects Fund has been restated on the fund basis financial statements to record prior period adjustments to correct interfund payables and accounts payable recorded in prior years. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the Capital Projects is as follows:

Fund Balance, as Originally Stated	\$ 7,607,830
Adjustment to Correct Interfund Payables to the General Fund	(3,531,390)
Adjustment to Correct Accounts Payable Previously Paid	<u>9,114,582</u>
Fund Balance, as Restated	<u>\$ 13,191,022</u>

**Governmental Activities**

Beginning net position of the School System's governmental activities has been restated on the government-wide basis financial statements to record prior period adjustments to correct capital assets, to correct claims payable and to record the reclassification of the School Food Service Fund to governmental activities.

Net Position, as Originally Stated	\$ 229,172,970
To Record Adjustments to the General Fund, Net, From Above	3,531,390
To Record Adjustments to Capital Projects, Net, From Above	5,583,192
To Reclassify the School Food Service Fund, From Above	(21,628,923)
Adjustment to Correct Claims Payable	1,389,086
Adjustment to Correct Capital Assets	<u>(7,004,087)</u>
Net Position, as Restated	<u>\$ 211,043,628</u>

**Business-Type Activities**

As discussed in Note 15, the School System reclassified the School Food Service Fund from a business-type activity to a governmental activity. Accordingly, the School System has restated the business-type activities' net position.

Net Position, as Originally Stated	\$ (18,604,432)
Adjustment to Correct Capital Assets	<u>21,628,923</u>
Net Position, as Restated	<u>\$ 3,024,491</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM OF GEORGIA  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	2.179089%	2.173679%	2.353662%	2.243868%	2.152851%	2.197081%	2.196357%
District's Proportionate Share of the Net Pension Liability	\$ 527,860,645	\$ 467,399,761	\$ 436,890,083	\$ 417,029,779	\$ 444,157,166	\$ 334,483,765	\$ 277,480,737
State of Georgia's Proportionate Share of the Net Pension Liability Associated with the District	<u>610,927</u>	<u>415,432</u>	<u>500,250</u>	<u>638,963</u>	<u>920,560</u>	<u>683,558</u>	<u>572,053</u>
Total	<u><u>\$ 528,471,572</u></u>	<u><u>\$ 467,815,193</u></u>	<u><u>\$ 437,390,333</u></u>	<u><u>\$ 417,668,742</u></u>	<u><u>\$ 445,077,726</u></u>	<u><u>\$ 335,167,323</u></u>	<u><u>\$ 278,052,790</u></u>
District's Covered Payroll	\$ 293,257,365	\$ 261,673,799	\$ 275,752,588	\$ 257,711,710	\$ 254,456,566	\$ 235,884,198	\$ 224,071,946
District's Proportionate Share of Pension Liability as a Percentage of its Covered Payroll	180.00%	178.62%	158.44%	161.82%	174.55%	141.80%	123.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.01%	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM OF GEORGIA  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contributions	\$ 58,822,707	\$ 60,036,910	\$ 54,689,824	\$ 46,354,010	\$ 36,775,461	\$ 36,310,952	\$ 31,018,772
Contributions in Relation to the Contractually Required Contributions	<u>58,822,707</u>	<u>60,036,910</u>	<u>54,689,824</u>	<u>46,354,010</u>	<u>36,775,461</u>	<u>36,310,952</u>	<u>31,018,772</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 293,257,365	\$ 283,996,736	\$ 261,673,799	\$ 275,752,588	\$ 257,711,710	\$ 254,456,566	\$ 235,884,198
Contributions as a Percentage of Covered Payroll	20.06%	21.14%	20.90%	16.81%	14.27%	14.27%	13.15%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's Proportionate Share of the Net Pension Liability Associated with the District	<u>6,055,946</u>	<u>5,731,166</u>	<u>5,845,819</u>	<u>5,379,011</u>	<u>7,227,689</u>	<u>4,487,155</u>	<u>3,516,516</u>
Total	<u>\$ 6,055,946</u>	<u>\$ 5,731,166</u>	<u>\$ 5,845,819</u>	<u>\$ 5,379,011</u>	<u>\$ 7,227,689</u>	<u>\$ 4,487,155</u>	<u>\$ 3,516,516</u>
District's Covered Payroll	\$ 7,598,036	\$ 21,145,143	\$ 23,425,764	\$ 23,425,764	\$ 23,090,120	\$ 21,459,053	\$ 19,768,819
District's Proportionate Share of Pension Liability as a Percentage of its Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.45%	85.02%	85.26%	76.33%	72.34%	76.20%	76.20%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.005385%	0.004475%	0.005965%	0.006455%	0.005568%	0.008875%	0.006853%
District's Proportionate Share of the Net Pension Liability	<u>\$ 226,975</u>	<u>\$ 184,662</u>	<u>\$ 245,223</u>	<u>\$ 262,159</u>	<u>\$ 263,390</u>	<u>\$ 359,562</u>	<u>\$ 257,030</u>
District's Covered Payroll	\$ 185,126	\$ 133,265	\$ 147,922	\$ 129,462	\$ 129,462	\$ 202,910	\$ 154,312
District's Proportionate Share of Pension Liability as a Percentage of its Covered Payroll	122.61%	138.57%	165.78%	202.50%	203.45%	177.20%	166.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.21%	76.74%	76.68%	76.33%	72.34%	76.20%	77.99%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.



**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contributions	\$ 45,557	\$ 33,482	\$ 33,023	\$ 36,522	\$ 39,283	\$ 32,003	\$ 44,559
Contributions in Relation to the Contractually Required Contributions	<u>45,557</u>	<u>33,482</u>	<u>33,023</u>	<u>36,522</u>	<u>39,283</u>	<u>32,003</u>	<u>44,559</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 185,126	\$ 135,773	\$ 133,265	\$ 147,922	\$ 159,105	\$ 129,462	\$ 202,910
Contributions as a Percentage of Covered Payroll	24.61%	24.66%	24.78%	24.69%	24.69%	24.72%	21.96%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SCHOOL OPEB FUND  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's Proportion of the Net OPEB Liability	2.790408%	2.833037%	2.963058%	2.860218%
District's Proportionate Share of the Net OPEB Liability	<u>\$ 409,845,950</u>	<u>\$ 347,674,422</u>	<u>\$ 376,595,578</u>	<u>\$ 410,859,478</u>
District's Covered Payroll	\$ 266,232,476	\$ 333,958,749	\$ 333,958,749	\$ 328,386,384
District's Proportionate Share of OPEB Liability as a Percentage of its Covered Payroll	153.94%	104.11%	112.77%	125.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.99%	4.63%	2.93%	1.61%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**CLAYTON COUNTY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
SCHOOL OPEB FUND  
FOR THE FISCAL YEAR ENDED JUNE 30**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually Required Contributions	\$ 10,636,991	\$ 9,436,509	\$ 15,257,864	\$ 15,357,241	\$ 14,913,404
Contributions in Relation to the Contractually Required Contributions	10,636,991	9,436,509	15,257,864	15,357,241	14,913,404
Contributions Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 266,232,476	\$ 277,666,732	\$ 333,958,749	\$ 333,958,749	\$ 328,386,384
Contributions as a Percentage of Covered Payroll	3.995%	3.399%	4.569%	4.599%	4.541%

**Note:**

Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

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

**Teachers Retirement System of Georgia**

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

On November 18, 2015, the Clayton County Board of Education adopted recommended changes to the economic and demographic assumptions utilized by the School 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 Clayton County Board of Education 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 Teachers 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.

**Public School Employees Retirement System of Georgia**

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

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

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

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

**Employees' Retirement System**

*Changes in Assumptions*—On December 17, 2015, the Clayton County Board of Education adopted recommended changes to the economic and demographic assumptions utilized by the School System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal, and salary increases.

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

**School OPEB Fund**

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

The June 30, 2019, decremental valuation was changed to reflect the TRS' experience study.

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

**SUPPLEMENTARY INFORMATION – COMBINING FUND SCHEDULES**

**CLAYTON COUNTY BOARD OF EDUCATION  
NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The **Adult Education Fund** is used to account for federal grant funds passed through the Georgia Department of Technical and Adult Education for the purpose of providing a vocational curriculum program for adults.

The **After School Program Fund** is used to account for the after school program in place at all Clayton County elementary schools. Revenues consist of fees paid for the after school care of students.

The **Athletics Fund** is used to account for athletic events held on behalf of Clayton County's schools. Revenues consist primarily of ticket and concession sales.

The **Lottery Fund** is used to account for state grant funds flowing through the State of Georgia Department of Education for various programs as established by the state.

The **South Metro Fund** is used to account for the development center for children with physical and mental handicaps.

The **Title I Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System to provide remedial education in the areas of reading and math, and to provide a special education program for children who are physically handicapped.

The **Title II Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of training teachers in math, science, foreign language, and computer science programs.

The **Title III Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of helping English learners attain English language proficiency.

The **Title IV Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of providing support and academic enrichment to students of the School System.

The **Title VI-B Preschool Fund** is used to account for federal funds authorized by the *Individuals with Disabilities Education Act* that are passed through the State of Georgia Department of Education to the School System for the purpose of providing special education programs for children with disabilities ages three to five.

The **Title VI-B Fund** is used to account for federal funds in connection with the *Individuals with Disabilities Education Act* that are passed through the State of Georgia Department of Education to the School System for the purpose of providing special education programs for children in pre-kindergarten through 12<sup>th</sup> grade.

The **Vocational Programs Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of providing a vocational curriculum program.

**CLAYTON COUNTY BOARD OF EDUCATION  
NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The **School Food Service Fund** is used to account for local, state, and federal receipts provided for the purpose of providing support to students of the School System through various food services

The **CARES Act Fund** is used to account for federal funds provided to the School System for the purpose of addressing COVID-19.

The **All Other Special Revenue Funds** is used to account for the activities of various other programs funded by local, state, and federal funds.

The **School Discretionary Fund** is used to account for the portion of the school activity resources used for general governmental expenditures.



**CLAYTON COUNTY BOARD OF EDUCATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

<b>Special Revenue Funds</b>						
	<b>Adult Education</b>	<b>After School Program</b>	<b>Athletics</b>	<b>Lottery</b>	<b>South Metro</b>	<b>Title II</b>
<b>Assets</b>						
Cash	\$ 34,796	\$ -	\$ -	\$ 577,502	\$ -	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	149,170	-	-	-	1,952,824	12,784,487
Due from Other Funds	-	-	96,700	-	-	-
Inventory	-	-	-	-	-	-
<b>Total Assets</b>	<b>183,966</b>	<b>-</b>	<b>96,700</b>	<b>577,502</b>	<b>1,952,824</b>	<b>12,784,487</b>
<b>Liabilities</b>						
Accounts Payable	60,228	-	10,715	19	-	901,414
Accrued Payroll and Payroll Withholdings	-	-	-	577,483	361,207	1,594,338
Unearned Revenue	-	-	-	-	-	-
Due to Other Funds	103,237	417,303	726,629	-	1,591,617	10,386,448
<b>Total Liabilities</b>	<b>163,465</b>	<b>417,303</b>	<b>737,344</b>	<b>577,502</b>	<b>1,952,824</b>	<b>12,882,200</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenues	-	-	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>						
Non-Spendable - Inventory	-	-	-	-	-	-
Restricted for Student Programs	20,501	-	-	-	-	-
Restricted for Food Service	-	-	-	-	-	-
Committed for Student Programs	-	-	-	-	-	-
Unassigned (Deficit)	-	(417,303)	(640,644)	-	-	(97,713)
<b>Total Fund Balances (Deficits)</b>	<b>20,501</b>	<b>(417,303)</b>	<b>(640,644)</b>	<b>-</b>	<b>-</b>	<b>(97,713)</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<b>\$ 183,966</b>	<b>\$ -</b>	<b>\$ 96,700</b>	<b>\$ 577,502</b>	<b>\$ 1,952,824</b>	<b>\$ 12,784,487</b>

Title II	Title III	Title IV	Title VI-B Preschool	Title VI-B	Vocational Programs	School Food Service Funds	CARES Act Fund	All Other Special Revenue	School Discretionary	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,389,116	\$ -	\$ -	\$ 4,652,354	\$ 17,653,768
-	-	-	-	-	-	-	-	113,886	-	113,886
913,623	196,963	1,485,978	229,375	6,913,932	719,381	269,376	12,875,442	1,579,655	-	40,070,206
-	-	-	-	-	-	11,161,561	-	-	-	11,258,261
-	-	-	-	-	-	638,429	-	-	-	638,429
913,623	196,963	1,485,978	229,375	6,913,932	719,381	24,458,482	12,875,442	1,693,541	4,652,354	69,734,550
62,967	-	646,101	6,044	600,779	-	28,573	307,982	317,020	-	2,941,842
-	49,464	-	22,642	527,808	-	2,151,511	689	148,293	-	5,433,435
-	-	-	-	-	-	50,557	-	1,436	-	51,993
442,593	147,499	839,877	168,762	5,913,387	720,515	1,745,569	13,774,779	1,205,084	-	38,183,299
505,560	196,963	1,485,978	197,448	7,041,974	720,515	3,976,210	14,083,450	1,671,833	-	46,610,569
902,923	-	-	219,459	1,049,619	-	-	-	505,617	-	2,677,618
902,923	-	-	219,459	1,049,619	-	-	-	505,617	-	2,677,618
-	-	-	-	-	-	638,429	-	-	-	638,429
-	-	-	-	-	-	-	-	-	-	20,501
-	-	-	-	-	-	19,843,843	-	-	-	19,843,843
-	-	-	-	-	-	-	-	-	4,652,354	4,652,354
(494,860)	-	-	(187,532)	(1,177,661)	(1,134)	-	(1,208,008)	(483,909)	-	(4,708,764)
(494,860)	-	-	(187,532)	(1,177,661)	(1,134)	20,482,272	(1,208,008)	(483,909)	4,652,354	20,446,363
\$ 913,623	\$ 196,963	\$ 1,485,978	\$ 229,375	\$ 6,913,932	\$ 719,381	\$ 24,458,482	\$ 12,875,442	\$ 1,693,541	\$ 4,652,354	\$ 69,734,550

**CLAYTON COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

Special Revenue Funds							
	Adult Education	After School Program	Athletics	Lottery	South Metro	Title I	Title II
<b>Revenues</b>							
State Sources	\$ -	\$ -	\$ -	\$ 3,226,133	\$ 2,724,119	\$ -	\$ -
Federal Sources	716,453	-	-	-	270,325	25,866,833	983,167
Local Sources	-	-	-	-	-	-	-
Charges for Services	-	-	67,438	-	-	-	-
Miscellaneous	17,309	-	8,652	-	-	-	-
<b>Total Revenues</b>	<b>733,762</b>	<b>-</b>	<b>76,090</b>	<b>3,226,133</b>	<b>2,994,444</b>	<b>25,866,833</b>	<b>983,167</b>
<b>Expenditures</b>							
Current:							
Instruction	498,657	-	-	3,660,272	1,608,326	13,696,576	-
Pupil Services	-	-	-	-	802,754	3,318,849	-
Improvement of Instructional Services	245,319	139,378	-	390,494	-	7,114,497	1,817,482
Educational Media Services	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	187,052	68,608
School Administration	-	-	-	-	583,364	-	-
Business Services	-	125	-	-	-	-	-
Maintenance and Operations	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	160,746	-
Central Support Services	-	-	-	-	-	1,391,047	-
Other Support Services	-	-	-	-	-	(1,934)	-
Other Non-Instructional Services	-	-	726,321	-	-	-	-
Community Services	-	361,380	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>743,976</b>	<b>500,883</b>	<b>726,321</b>	<b>4,050,766</b>	<b>2,994,444</b>	<b>25,866,833</b>	<b>1,886,090</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(10,214)</b>	<b>(500,883)</b>	<b>(650,231)</b>	<b>(824,633)</b>	<b>-</b>	<b>-</b>	<b>(902,923)</b>
<b>Other Financing Sources</b>							
Transfers In	10,214	-	-	824,633	-	-	362,322
Transfers Out	-	-	-	-	-	-	-
<b>Total Other Financing Services</b>	<b>10,214</b>	<b>-</b>	<b>-</b>	<b>824,633</b>	<b>-</b>	<b>-</b>	<b>362,322</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(500,883)</b>	<b>(650,231)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(540,601)</b>
<b>Fund Balances (Deficits), Beginning of Year, As Restated</b>	<b>20,501</b>	<b>83,580</b>	<b>9,587</b>	<b>-</b>	<b>-</b>	<b>(97,713)</b>	<b>45,741</b>
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 20,501</b>	<b>\$ (417,303)</b>	<b>\$ (640,644)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (97,713)</b>	<b>\$ (494,860)</b>

									Total Non-Major Governmental Funds
Title III	Title IV	Title VI-B Preschool	Title VI-B	Vocational Programs	School Food Service Funds	CARES Act Fund	All Other Special Revenue	School Discretionary	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,076	\$ -	\$ 438,106	\$ -	\$ 7,338,434
647,982	2,101,254	30,771	8,220,472	719,381	23,695,348	57,541,944	1,250,497	-	122,044,427
-	-	-	-	-	35,691	-	28,493	-	64,184
-	-	-	-	-	-	-	-	1,937,608	2,005,046
-	-	-	-	-	-	-	601	-	26,562
647,982	2,101,254	30,771	8,220,472	719,381	24,681,115	57,541,944	1,717,697	1,937,608	131,478,653
255,707	1,806,396	166,945	8,205,353	720,515	-	16,879,900	133,760	2,019,292	49,651,699
112	9,326	51,024	843,632	-	-	512,150	445,261	-	5,983,108
392,163	285,532	334	328,278	-	-	216,037	801,637	-	11,731,151
-	-	-	-	-	-	75,386	-	-	75,386
-	-	-	-	-	-	4,486,656	16,917	-	4,759,233
-	-	-	-	-	-	398,699	-	-	982,063
-	-	-	-	-	-	31,450	-	-	31,575
-	-	-	-	-	-	11,117,878	-	-	11,117,878
-	-	-	-	-	-	12,854,869	3,888	-	13,019,503
-	-	-	-	-	-	510,165	-	-	1,901,212
-	-	-	-	-	-	-	612,471	-	610,537
-	-	-	-	-	-	-	302,989	-	1,029,310
-	-	-	-	-	-	-	-	-	361,380
-	-	-	-	-	14,569,881	11,666,762	-	-	26,236,643
-	-	-	-	-	131,077	-	-	-	131,077
647,982	2,101,254	218,303	9,377,263	720,515	14,700,958	58,749,952	2,316,923	2,019,292	127,621,755
-	-	(187,532)	(1,156,791)	(1,134)	9,980,157	(1,208,008)	(599,226)	(81,684)	3,856,898
-	-	-	-	-	-	-	137,350	-	1,334,519
-	-	-	-	-	-	-	(43,141)	-	(43,141)
-	-	-	-	-	-	-	94,209	-	1,291,378
-	-	(187,532)	(1,156,791)	(1,134)	9,980,157	(1,208,008)	(505,017)	(81,684)	5,148,276
-	-	-	(20,870)	-	10,502,115	-	21,108	4,734,038	15,298,087
\$ -	\$ -	\$ (187,532)	\$ (1,177,661)	\$ (1,134)	\$ 20,482,272	\$ (1,208,008)	\$ (483,909)	\$ 4,652,354	\$ 20,446,363

## **COMPLIANCE SECTION**

**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**

To the Superintendent and Members of the  
Clayton County Board of Education  
Jonesboro, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clayton County Board of Education (the School System) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements and have issued our report thereon dated March 31, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System'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 entity'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs that we consider to be significant deficiencies and material weaknesses.

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**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***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**School System's Response to Findings**

The School System's response to the findings identified in our audit is described in the accompanying management letter. The School System's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clayton County Board of Education'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 31, 2023  
Ocala, Florida

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

To the Superintendent and Member of the  
Clayton County Board of Education  
Jonesboro, Georgia

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

We have audited Clayton County Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Clayton County Board of Education's major federal programs for the year ended June 30, 2021. Clayton County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Clayton County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clayton County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clayton County Board of Education's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Clayton County Board of Education 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, 2021.

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To the Superintendent and Member of the  
Clayton County Board of Education  
Jonesboro, Georgia

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

**Report on Internal Control Over Compliance**

Management of Clayton County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clayton County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clayton County Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Included in the Schedule of Findings and Questioned costs is a detail of findings considered either to be significant deficiencies or material weaknesses.

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.



March 31, 2023  
Ocala, Florida

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract or Project Number	Total Expenditures
<b>U.S. Department of Defense</b>			
Direct Award:			
ROTC	12.unknown	N/A	\$ 609,722
<b>Total U. S. Department of Defense</b>			<u>609,722</u>
<b>U.S. Department of Agriculture</b>			
Passed through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	195GA324N1099	7,483,539
National School Lunch Program	10.555	195GA324N1099	22,375,727
Total Child Nutrition Cluster			<u>29,859,266</u>
Fresh Fruit and Vegetable Program	10.582	195GA324L1603	302,989
<b>Total U. S. Department of Agriculture</b>			<u>30,162,255</u>
<b>U.S. Department of Education</b>			
Passed through Georgia Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027A	H027A200073	9,548,469
Special Education - Grants to States	84.027A	H027A180073	1,249
Total Special Education - Grants to States			<u>9,549,718</u>
Special Education - Preschool Grants	84.173A	H173A200081	218,303
Total Special Education Cluster			<u>9,768,021</u>
Not Clustered			
Passed through Georgia Department of Education:			
Title I Grants to Local Education Agencies	84.010	S010A200010	22,787,729
Title I Grants to Local Education Agencies	84.010	S010A200010-20A	3,079,105
Total Title I Grants to Local Education Agencies			<u>25,866,834</u>
Improving Teacher Quality State Grants	84.367A	S367A200001	2,626,709
Improving Teacher Quality State Grants	84.367	N/A	10,700
Total Improving Teacher Quality State Grants			<u>2,637,409</u>
COVID-19 - Education Stabilization Fund ESSER 1	84.425D	S425D200012	20,211,833
COVID-19 - Education Stabilization Fund ESSR 2	84.425D	S425D200012	38,538,119
Total COVID-19 - Education Stabilization Fund			<u>58,749,952</u>
Career and Technical Education - Basic Grants to States	84.048	N/A	720,514
Education for Homeless Children and Youth	84.196A	S196A200011	74,154
Charter Schools	84.282	N/A	612,471
English Language Acquisition State Grants	84.365A	S365A200010	647,982
Striving Readers	84.371	N/A	475,141
Student Support and Academic Enrichment Program	84.424	N/A	2,101,254

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Contract or Project Number</b>	<b>Total Expenditures</b>
Passed through Georgia Department of Technical and Adult Education:			
Adult Education - Basic Grant to States	84.002	N/A	\$ 743,976
Passed through Georgia Institute of Technology (GA Tech)			
Gaining Awareness and Readiness for Undergraduate Programs	84.334S	N/A	28,493
<b>Total U. S. Department of Education</b>			<u>102,426,201</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Georgia Department of Early Care and Learning			
Child Care and Development Block Grant Cluster			
Child Care and Development Block Grant	93.575	N/A	56,860
Total Child Care and Development Block Grant Cluster			<u>56,860</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>56,860</u>
<b>U.S. Department of Transportation</b>			
Passed through Georgia Governor's Office of Highway Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	2012-000-00422	26,272
Total Highway Safety Cluster			<u>26,272</u>
<b>Total U. S. Department of Transportation</b>			<u>26,272</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 133,281,310</u>

**CLAYTON COUNTY BOARD OF EDUCATION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Clayton County Board of Education (the School System) under programs of the federal government for the fiscal year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School System, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the School System.

**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 allowed or are limited as to reimbursement.

**Note 3 - De Minimis Cost Rate**

The School System elected not to use the ten percent de minimis cost rate for the year ended June 30, 2021.

**Note 4 - Subrecipients**

The School System did not pass through any grant funds to subrecipients for the year ended June 30, 2021.

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of the major federal program:

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
84.425D	Education Stabilization Fund
84.010	Title I
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
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Auditee qualified as low risk auditee?	No
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**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2021-01 – Bank Reconciliation, Repeat**

**Condition** – Internal controls were not sufficient to detect misstatements in the School System’s bank reconciliation process. This is considered to be a material weakness.

**Effect** – Adjustments were recorded as follows:

- The General Fund required various adjusting entries resulting in a net increase of cash in the amount of \$56,370,742.
- The Capital Projects Fund required various adjusting entries resulting in a net increase of cash in the amount of \$20,793,175.
- The Non-Major Governmental Funds required various adjusting entries resulting in a net increase of cash in the amount of \$13,496,953.

**Recommendation** – We recommend that cash accounts be reconciled on at least a monthly basis and that all differences between the general ledger and bank balances identified and corrected on a timely basis.

**2021-02 – Journal Entry Review**

**Condition** – Internal controls were not sufficient to detect misstatements in the School System’s manual journal entry process. This is considered to be a significant deficiency.

**Effect** – The Auditor noted that 12 of the 25 manual journal entries sample for approval testing were not shown to be reviewed or approved by another member of the School System’s finance department. Of these same 25 entries, 11 were noted as having insufficient supporting documentation.

**Recommendation** – We recommend that the School System increase their controls over the manual journal entry process to require secondary approval prior to being entered into the accounting system and to ensure, in this review, that appropriate supporting documentation is attached to substantiate the entry.

**2021-03 – Accounts Payable, Repeat**

**Condition** – Internal controls were not sufficient to detect misstatements in the School System’s accounts payable recording and reconciliation process. This is considered to be a material weakness.

**Effect** – Adjustments and discrepancies were noted as follows:

- There was an approximately \$10 million difference between the accounts payable detail provided and the working trial balance that required additional reconciliation.
- There were various invoices totaling \$929,298 that were improperly included in accounts payable at fiscal year-end.
- There was an invoice in the amount of \$128,700 that was improperly omitted from accounts payable at fiscal year-end.

**Recommendation** – We recommend that the School System reconcile their accounts payable ledger on a monthly basis and that all differences from the general ledger are investigated and corrected on a timely basis.

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**2021-04 – Accrued Payroll, Repeat**

**Condition** – Internal controls were not sufficient to detect misstatements in the School System’s calculation of accrued payroll. This is considered to be a material weakness.

**Effect** – There was an adjustment required to increase the payroll accrual by \$45,776,272.

**Recommendation** – We recommend that the School System perform a reconciliation of the payroll accrual calculation to the working trial balance and that differences are investigated and corrected on a timely basis.

**2021-05 – Revenue Recognition, Repeat**

**Condition** – Internal controls were not sufficient to properly recognize revenues reported at fiscal year-end. This is considered to be a material weakness.

**Effect** – Adjustments were required in the aggregate amount of \$21,343,634 to decrease revenues.

**Recommendation** – We recommend that the School System implement a monthly reconciliation of accounts receivable and that all differences from the general ledger are investigated and corrected on a timely basis.

**2021-06 – Maintenance of the Capital Asset Subledger**

**Condition** – Internal controls were not sufficient to properly reconcile the capital asset subledger to the general ledger. This is considered to be a material weakness.

**Effect** – 4 capital projects totaling approximately \$16 million were not placed in service in a timely manner resulting in misclassification on the financial statements and omission of depreciation expense. An additional amount of approximately \$1.2 million of capital assets were not able to be identified and were required to be removed from the general ledger.

**Recommendation** – We recommend that the School System implement an annual review of construction projects to determine whether projects were completed.

**2021-07 – Calculation of Depreciation**

**Condition** – Internal controls were not sufficient to detect miscalculation of annual depreciation expense. This is considered to be a material weakness.

**Effect** – Capital Assets were noted as being depreciated in excess of and less than the expected rate based off of estimated useful lives and the straight-line depreciation method resulting in a net adjustment of depreciation expense in the amount of approximately \$7 million.

**Recommendation** – We recommend that the School System implement a review of their depreciation calculation annually to ensure that assets were depreciated in accordance with their respective useful life and depreciation method.

**2021-08 – Capital Project Tracking**

**Condition** – Internal controls were not sufficient to track capital outlay in accordance with on-going capital projects. This is considered to be a significant deficiency.

**Effect** – Differences of approximately \$1.4 million were noted between the general ledger and capital projects subledger.

**Recommendation** – We recommend that the School System implement an annual reconciliation of capital outlay to on-going capital projects to ensure accurate capture of all activity.

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**2021-09 – Fund Balance and Prior Period Adjustments, Repeat**

**Condition** – Internal controls were not sufficient to detect misstatements in the School System’s reconciliation of fund balance. This is considered to be a material weakness.

**Effect** – Differences of approximately \$5.6 million were noted between the opening fund balances and the prior period financial statements.

**Recommendation** – We recommend that the School System implement an annual reconciliation of capital outlay to ongoing capital projects to ensure accurate capture of all activity.

**2021-10 – Interfund Balances, Repeat**

**Condition** – At June 30, 2021, the interfund balance between the multiple funds did not reconcile. This is considered to be a significant deficiency.

**Effect** – Differences of approximately \$7.1 million were noted between interfund balances.

**Recommendation** – We recommend the School System strengthen procedures to ensure interfund balances are properly recorded at year-end.

**2021-11 – Supporting Documentation Management and Retention**

**Condition** – Our review of internal controls revealed that the School System’s procedures for managing and retaining supporting documentation for manual journal entries or recorded liabilities were not sufficient to adequately support recorded activity. This is considered to be a material weakness.

**Effect** – During our testing of accounts payable, we found that appropriate documentation could not be provided for 6 out of 21 selections. Furthermore, in our review of manual journal entries, we found that appropriate audit documentation was lacking for 11 out of 25 selections.

**Recommendation** – We recommend that the School System strengthen its procedures around document preparation and retention to ensure that accounting activities are accurately supported.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters are reported.



**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**2020-001 - Reconciliation of Fund Balance and Recording of Prior Year Audit Entries**

**Condition:** Internal controls were not sufficient to detect misstatements in the School System's reconciliation of fund balance.

**Effect:** Audit adjustments totaling \$59,548,752 were required to correctly report beginning fund balance at fiscal year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-09.

**2020-002 - Reconciliation of Cash**

**Condition:** Internal controls were not sufficient to detect misstatements in the School System's cash accounts.

**Effect:** Audit adjustments totaling \$13,352,813 were required to correctly report cash and related balances as of fiscal year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-01.

**2020-003 - Revenue Recognition, Repeat**

**Condition:** Internal controls were not in place to ensure that all revenues and receivables were properly recorded as of and for the fiscal year ended June 30, 2020.

**Effect:** Audit adjustments totaling \$19,533,015 were required to correctly report revenues and the related balance sheet accounts as of year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-05.

**2020-004 - Recording of Accrued Salaries and Benefits Payable**

**Condition:** At June 30, 2020, accrued salaries and benefits payable balances per the general ledger did not agree to the detail calculations provided by the School System.

**Effect:** Audit adjustments totaling \$5,349,059 were required to correctly report accrued salaries and salary expenditures at year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-04.

**2020-005 - Interfund Balances**

**Condition:** At June 30, 2020, the interfund balances between the General Fund and the School Food Services Fund did not reconcile.

**Effect:** Audit adjustments totaling \$6,859,595 were required to correctly report interfund payables and receivables and interfund transfers as of year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-10.

**CLAYTON COUNTY BOARD OF EDUCATION  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**2020-006 - Capital Assets**

**Condition:** At June 30, 2020, internal controls were not sufficient to detect misstatements in capital asset balances.

**Effect:** Audit adjustments totaling \$766,792 were required to correctly report capital assets as of year-end

**Update:** Similar findings were noted in the current fiscal year and are included as findings 2021-06, 2021-07, and 2021-08.

**2020-007 - Accounts Payable**

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the School System's accounts payable balances and related expenses.

**Effect:** Audit adjustments totaling \$2,467,860 were required to properly state accounts payable as of year-end.

**Update:** This finding has been found to continue into the current fiscal year and is included as 2021-03.

**2020-008 - Compensated Absences**

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of compensated absences in the School System's School Food Service Fund. This fund is classified as a proprietary fund, and, therefore, follows the full accrual basis of accounting for which current and long-term liabilities are reported.

**Effect:** An audit adjustment totaling \$69,556 was required to properly state compensated absences in the School Food Service Fund at June 30, 2020.

**Update:** Due to the reclassification of the Food Service Fund from a proprietary fund to a governmental fund, School Food Service is no longer required to record Compensated Absences at the fund level.



# Clayton County Public Schools

## Division of Business Services

1058 Fifth Avenue • Jonesboro, Georgia 30236 • (770) 473-2700

DR. ANTHONY W. SMITH  
Interim Superintendent of Schools

RAMONA BIVINS  
Chief Financial Officer

After more than 30 years of working on the AS/400 operating system, Clayton County Public Schools implemented a new Enterprise Resource Planning (ERP) system starting January 19, 2019. This new development involved the implementation of an industry-leading Enterprise Resource Planning system to transform business operations, allowing the District to achieve operational excellence, improve productivity while meeting stakeholders' expectations. While the implementation team has been working diligently to ensure a smooth transition with seamless experience; this has been a major undertaking and there were some interruptions while we adapt to the change. Rest assured that the implementation team made every effort to minimize any disruptions for stakeholders. This year in effort to ensure the district will not encounter several of the downward effect of the upgrade, we completed several adjustments to our accounting system of record. We delayed the closing our accounting system to ensure adjusting entries were recorded.

### 221-001. Bank Reconciliation

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management has corrected the action by completing monthly bank reconciliations

**Anticipated Completion Date:** Fiscal Year 2022

### 2021-002. Journal Entry Review

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management is implementing a journal review approval process in MUNIS.

**Anticipated Completion Date:** Fiscal Year 2022

### 2021-003. Accounts Payable

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to ensure that all invoices are properly recorded in correct accounting period

**Anticipated Completion Date:** Fiscal Year 2022

**2021-004. Accrued Payroll**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to ensure that salaries and benefits payables are system generated instead of manual entries at year-end

**Anticipated Completion Date:** Fiscal Year 2022

**2021-005. Revenue Recognition**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to ensure that all revenues and receivables are properly reported at year end.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-006. Maintenance of Capital Assets**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to reconcile capital assets semi- annually and annually.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-007. Calculation of Depreciation**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to reconcile capital assets depreciation annually.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-008. Capital Project Tracking**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management will implement steps to reconcile capital assets.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-009. Fund balance and Prior Period Adjustments**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management delayed closing to complete fund balance and prior period adjustments.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-010. Interfund Balances**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management implemented reconciliation process to balance interfund accounts.

**Anticipated Completion Date:** Fiscal Year 2022

**2021-011 Supporting Documentation Management and Retention**

**Name of Contact Person Responsible for Corrective Action Plan:** Ramona Bivins, Chief Financial Officer

**Corrective Action Plan:** Management implemented a process for documentation retention in the MUNIS system for transactions.

**Anticipated Completion Date:** Fiscal Year 2022

# PURVIS GRAY

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