

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2024

**NEW ISSUE
(Book-Entry Only)**

RATINGS:
**S&P: “AA+” (Intercept Program)
“A+” (Underlying)**
See “MISCELLANEOUS - Ratings” herein.

*In the opinion of Bond Counsel, under current law and subject to conditions described under the caption “LEGAL MATTERS – Opinion of Bond Counsel,” interest on the Series 2024 Bonds, including original issue discount, (1) is excluded from gross income for Federal income tax purposes and (2) interest on the Bonds is not a specific “item of tax preference” for purposes of the federal alternative minimum tax; provided however that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations, as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), for the purpose of computing alternative minimum tax imposed on corporations. A holder may be subject to other Federal tax consequences as described in the Section herein entitled “LEGAL MATTERS – Opinion of Bond Counsel.” In the opinion of Bond Counsel, under current law and subject to conditions described under the caption “LEGAL MATTERS – Opinion of Bond Counsel,” interest on the Series 2024 Bonds is exempt from present State of Georgia income taxation. **The Series 2024 Bonds have been designated as qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.***

\$8,310,000*

**City of Commerce Public Facilities Authority Revenue Bonds
(School District of the City of Commerce Project), Series 2024**

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

The City of Commerce Public Facilities Authority (the “Issuer”) will issue its Revenue Bonds (School District of the City of Commerce Project), Series 2024 (the “Series 2024 Bonds” or the “Bonds”) as fully registered, book-entry only bonds in denominations of \$5,000 principal amounts or any integral multiple thereof pursuant to a Trust Indenture dated as of December 1, 2024 (the “Indenture”) between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the “Trustee”). Interest on the Series 2024 Bonds will be payable commencing on August 1, 2025, and semi-annually on each February 1 and August 1 thereafter. The Series 2024 Bonds will bear interest at the rates and will mature on the dates set forth on the inside front cover page herein.

Upon delivery, ownership of the Series 2024 Bonds will be registered in the registry books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) of New York, New York, under a book-entry only system. Purchasers of the Series 2024 Bonds (the “Beneficial Owners”) will not receive certificates representing their interests in the Series 2024 Bonds. Principal of and interest on the Series 2024 Bonds will be payable at the principal corporate trust office of the Trustee only to or upon the order of the nominee or DTC, which will remit such principal and interest to its DTC Participants (as defined herein), which in turn will remit such principal and interest to the Beneficial Owners of the Series 2024 Bonds. See “DESCRIPTION OF THE SERIES 2024 BONDS” herein.

The Series 2024 Bonds will not be subject to optional redemption.

The Series 2024 Bonds are being issued by the Issuer for the purpose of paying the costs of the construction and equipping of a new athletic field house facility for the District at the football stadium at Commerce High School (the “Project”), and paying the costs of issuance of the Series 2024 Bonds.

The Series 2024 Bonds are special limited obligations of the Issuer payable solely from purchase payments to be made by the School District of the City of Commerce (the “District”) to the Issuer pursuant to an Intergovernmental Installment Sale Agreement, to be dated December 1, 2024 (the “Agreement”), by and between the District and the Issuer. The District’s obligations to make installment sale agreement payments to the Issuer sufficient in time and amount to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2024 Bonds is absolute and unconditional and will not expire so long as any of the Series 2024 Bonds remain outstanding and unpaid. Under the Agreement, the District has agreed to make provision for the levy of an annual tax on all taxable property located within the boundaries of the District, at such rates, within the limits prescribed by law, as may be necessary to make the purchase payments required by the Agreement. The Series 2024 Bonds are also payable from any state appropriation to which the District may be entitled, which the State of Georgia Board of Education is required to withhold from the District and transfer to the Trustee, as Paying Agent for the Series 2024 Bonds, under certain circumstances. See “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS” herein.

SEE MATURITY, RATE AND YIELD SCHEDULES ON INSIDE FRONT COVER

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THESE ISSUES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2024 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinions of Stewart, Melvin & Frost, LLP, Gainesville, Georgia, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel Pereira, Kirby, Kinsinger & Nguyen, LLP, Gainesville, Georgia, for the Issuer by its counsel Stell, Smith & Mattison, P.C., Winder, Georgia, and for the Underwriter by Stewart, Melvin & Frost, LLP, Disclosure Counsel. The Series 2024 Bonds in definitive form are expected to be delivered to DTC in New York, New York, or to its agent in Atlanta, Georgia, on or about December 18, 2024.*

RAYMOND JAMES®

Dated: _____, 2024

*Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$8,310,000*
City of Commerce Public Facilities Authority Revenue Bonds
(School District of the City of Commerce Project), Series 2024

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>August 1 Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>	<u>August 1 Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2025	\$ 700,000				2030	\$ 800,000			
2026	1,265,000				2031	820,000			
2027	1,300,000				2032	840,000			
2028	840,000				2033	885,000			
2029	860,000								

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the District, public documents, records and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2024 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2024 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the District and the terms of the offering, including the merits and risks involved. The Series 2024 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

*Preliminary; subject to change

CITY OF COMMERCE PUBLIC FACILITIES AUTHORITY

J. Clark Hill, III, Chairman
Sandra Haggard, Secretary
Keith Burchett, Member
Darren Owensby, Member
Andre Rollins, Member
Mark Fitzpatrick, Member
Bobby Redmon, Member
Roshuanda Merritt, Member
Rick Massey, Member

SCHOOL DISTRICT OF THE CITY OF COMMERCE

Elected Officials

Board of Education of the City of Commerce
Kyle Moore, Chairman
Cara Bray, Vice Chairman
Matthew Dean, Board Member
Cory Griffith, Board Member
Bobby Patman, Board Member

Administrative Officials

Billy Kirk, *Superintendent*
Whitney Metzger, *Finance Director*

SPECIAL SERVICES

Auditors

State of Georgia Department of Audits
Atlanta, Georgia

General Counsel for the District

Pereira, Kirby, Kinsinger & Nguyen, LLP
Gainesville, Georgia

General Counsel for the Issuer

Stell, Smith & Mattison, P.C.
Winder, Georgia

Bond Counsel and Disclosure Counsel

Stewart, Melvin & Frost, LLP
Gainesville, Georgia

Underwriter

Raymond James & Associates, Inc.
Atlanta, Georgia

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TABLE OF CONTENTS

INTRODUCTION	1
General	1
The Issuer	1
The District	1
Security and Source of Payment for the Series 2024 Bonds	1
Purpose of the Series 2024 Bonds	2
Description of the Series 2024 Bonds	2
Tax Exemption	3
Professionals Involved in the Offering	3
Trustee and Bond Registrar	3
Legal Authority for Issuance	3
Offering and Delivery of the Series 2024 Bonds	3
Continuing Disclosure	4
Other Information	4
PLAN OF FINANCING	5
Estimated Sources and Applications of Funds	5
Project	5
DESCRIPTION OF THE SERIES 2024 BONDS	5
General	5
Authority for Issuance	5
Registration Provisions; Transfer and Exchange	6
Redemption Provisions	6
Book-Entry Only System	6
SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS	8
Indenture	8
Agreement	9
State Intercept Program	9
Limited Obligations	10
Enforceability of Remedies	10
Principal and Interest Requirements	12
THE ISSUER	12
THE DISTRICT	13
Introduction	13
District Administration and Officials	13
Operations	14
Schools	14
Enrollment	15
Employees, Employee Relations, and Labor Organizations	15
DISTRICT DEBT STRUCTURE	15
Summary of District Debt By Category	15
Proposed Debt	16
Debt Service Requirements	16
Overlapping Debt	16
Limitations on District Debt	17
Tax Supported Debt Ratios	18
DISTRICT AD VALOREM TAXATION	18
Introduction	18

Property Subject to Taxation	18
Assessed Value.....	18
Annual Tax Levy.....	19
Property Tax Collections.....	19
State of Georgia Tax Reform Legislation.....	20
Historical Property Tax Data.....	21
Property Tax Levies and Collections	22
Ten Largest Taxpayers	23
Recent Ad Valorem Tax Legislation.....	23
Litigation Regarding Ad Valorem Tax Sharing Agreement.....	24
Payments in Lieu of Taxes	25
SALES AND USE TAX.....	26
Description	26
Sales Subject to Taxation	26
Sales Tax Collections	27
Permitted Uses.....	27
Historical Sales Tax Data	27
Recent Sales Tax Legislation	28
DISTRICT FINANCIAL INFORMATION.....	28
Accounting System and Policies	28
Five Year General Fund History	29
Management Comments Concerning Material Trends in Revenues and Expenditures.....	31
Budgetary Process	31
Budget	32
Employee Benefits	33
Insurance Coverage and Governmental Immunity	34
THE CITY OF COMMERCE.....	35
Introduction	35
Population	36
Per Capita Personal Income	36
Largest Employers	37
Labor Force Data	37
Industry Mix	38
Building Permits	38
Banking Deposits	38
LEGAL MATTERS	39
Pending Litigation.....	39
Opinion of Bond Counsel.....	39
Bond Premium.....	41
Collateral Federal Tax Consequences	41
Validation Proceedings.....	42
Closing Certificates	42
MISCELLANEOUS	42
Ratings.....	42
Underwriting	42
Accounting Experts	43
Additional Information.....	43
Appendix A	Audited Financial Statements of the District for Fiscal Year Ended June 30, 2022
Appendix A-1	Unaudited Financial Statements of the District for Fiscal Year Ended June 30, 2023
Appendix B	Summary of Indenture and Intergovernmental Installment Sale Agreement
Appendix C	Form of Continuing Disclosure Certificate
Appendix D	Form of Bond Counsel Opinion

**Official Statement
of the
City of Commerce Public Facilities Authority
relating to its
\$8,310,000* Revenue Bonds
(School District of the City of Commerce Project),
Series 2024**

INTRODUCTION

General

The purpose of this Official Statement (the “Official Statement”), which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the City of Commerce Public Facilities Authority (Georgia) (the “Issuer”) of \$8,310,000* in aggregate principal amount of its Revenue Bonds (School District of the City of Commerce Project), Series 2024 (the “Series 2024 Bonds” or the “Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in **Appendix B** of this Official Statement under the heading “SUMMARY OF INDENTURE AND INTERGOVERNMENTAL INSTALLMENT SALE AGREEMENT.”

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

The Issuer

The Issuer is a body corporate and a political subdivision of the State of Georgia, created by and under the provisions of an act of the General Assembly of the State of Georgia (Ga. Laws 2013, page 4263, et seq.), as amended (the “Act”). For more complete information, see “THE ISSUER” herein.

The Series 2024 Bonds will be special limited obligations of the Issuer as described under the caption “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS” herein.

The District

The School District of the City of Commerce (the “District”) is a political subdivision of the State of Georgia, separate from and legally and fiscally independent of the City of Commerce and all other political subdivisions. The boundaries of the District are coextensive with the incorporated limits of the City of Commerce. The District is the only school district in the City of Commerce and is vested with the power to conduct a system of public education within the incorporated limits of the City of Commerce. For more complete information, see “THE DISTRICT” herein.

Security and Source of Payment for the Series 2024 Bonds

The Series 2024 Bonds are special limited obligations of the Issuer payable solely from and secured by a lien upon and pledge of the security assigned to the Trustee by the Issuer (the “Trust Estate”), pursuant to a Trust Indenture, dated as of December 1, 2024 (the “Indenture”), between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the “Trustee”).

Pursuant to the Indenture, the Series 2024 Bonds are secured by the Trust Estate, which includes the Issuer's rights, title, interest and remedies in and to an Intergovernmental Installment Sale Agreement (the "Agreement"), dated as of December 1, 2024, between the Issuer and the District. Pursuant to the Agreement, the Issuer will sell the Project (as that term is defined in the Agreement) to the District, and the District will make Installment Sale Agreement Payments (as defined in the Agreement) directly to the Bond Fund (as defined in the Indenture) under the Indenture for the account of the Issuer in amounts sufficient to enable the Issuer to pay in full the principal of and interest on the Series 2024 Bonds as same become due and payable, all as more fully set forth in the Agreement. The Agreement obligates the District to make periodic Installment Sale Agreement Payments (as defined in the Agreement) to the Issuer in the amounts calculated to be sufficient to enable the Issuer to pay, when due, the principal of, premium, if any, and interest on the Series 2024 Bonds. Under the Agreement, the District has agreed to make provision for the levy of an annual tax on all taxable property located within the boundaries of the District, at such rates, within the limits prescribed by law, as may be necessary to make the payments required by the Agreement, provided the District's duty to make provision for the levy of such taxes shall abate to the extent that its revenues from other sources are used to make such payments. The District intends to make the purchase payments under the Agreement partially from special purpose sales taxes for educational purposes and partially from ad valorem taxes. The Series 2024 Bonds are also payable from any state appropriation to which the District may be entitled, which the State of Georgia Board of Education is required to withhold from the District and transfer to the Trustee, as Paying Agent for the Series 2024 Bonds, under certain circumstances.

For more complete information, see "SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS" herein, "THE DISTRICT – Ad Valorem Taxation" and APPENDIX B – SUMMARY OF THE INDENTURE AND THE INTERGOVERNMENTAL INSTALLMENT SALE AGREEMENT hereto.

Purpose of the Series 2024 Bonds

The Series 2024 Bonds are being issued by the Issuer for the purpose of paying the costs of the construction and equipping of a new athletic field house facility for the District at the football stadium at Commerce High School (the "Project"), and paying the costs of issuance of the Series 2024 Bonds.

Description of the Series 2024 Bonds

Redemption. The Series 2024 Bonds are not subject to optional redemption prior to their stated maturity. See "DESCRIPTION OF THE SERIES 2024 BONDS--Redemption Provisions" herein.

Denominations. The Series 2024 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Registration, Transfers and Exchanges. The Series 2024 Bonds will be issued in fully registered form. Ownership of Series 2024 Bonds may be transferred upon surrender of such Series 2024 Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative. Subject to the conditions hereinafter described, the Series 2024 Bonds are exchangeable for a like aggregate principal amount of Series 2024 Bonds of the same maturity in denominations of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE SERIES 2024 BONDS - Registration Provisions; Transfer and Exchange."

Payments. Interest on the Series 2024 Bonds is payable by check or draft mailed by first class mail on the date due to the owners thereof as shown on the books and records of the Bond Registrar on the 1st day of the calendar month next preceding each Interest Payment Date (as defined herein). Interest on the Series 2024 Bonds is payable to any registered owner of more than \$500,000 in aggregate principal amount of the Series 2024 Bonds by wire transfer to such registered owner if written notice is given to the Paying Agent at least 30 days prior to an Interest Payment Date. Principal of and premium, if any, on the Series 2024 Bonds are payable upon surrender thereof at the corporate trust office of Regions Bank, Atlanta, Georgia, as Paying Agent and Bond Registrar. See "DESCRIPTION OF THE SERIES 2024 BONDS -- General."

For a more complete description of the Series 2024 Bonds, see "DESCRIPTION OF THE SERIES 2024 BONDS."

Tax Exemption

In the opinion of Bond Counsel, under existing law, (a) interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, (b) interest on the Series 2024 Bonds is not a specific “item of tax preference” for purposes of the federal alternative minimum tax, provided however that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations, as defined in Section 59(k) of the Internal Revenue Code of 1986 (the “Code”), for the purpose of computing alternative minimum tax imposed on corporations, and (c) interest on the Series 2024 Bonds is exempt from present State of Georgia income taxation, subject to the conditions and limitations described herein. The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **Appendix D** for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2024 Bonds. For a more complete discussion of such opinion and certain tax consequences incident to the ownership of the Series 2024 Bonds, including certain exceptions to the tax treatment of interest, see “LEGAL MATTERS--Opinion of Bond Counsel” herein.

Professionals Involved in the Offering

The Series 2024 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approving opinion of Stewart, Melvin & Frost, LLP, Gainesville, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Bonds, and a copy of the proposed form of such opinion is attached hereto as **Appendix D**. Certain legal matters will be passed on for the District by its general counsel, Pereira, Kirby, Kinsinger & Nguyen, LLP, Gainesville, Georgia, for the Issuer by its counsel, Stell, Smith & Mattison, P.C., Winder, Georgia, and for the Underwriter by Stewart, Melvin & Frost, LLP, Gainesville, Georgia, as Disclosure Counsel.

The general purpose financial statements of the District as of June 30, 2022, and for the year then ended, attached hereto as **Appendix A**, have been audited by the State of Georgia Department of Audits, Atlanta, Georgia. Their report references the District’s decision to omit management’s discussion and analysis which is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. As a result of the omission, State of Georgia Department of Audits did not audit and does not express an opinion on that information and its opinion is not affected by the missing information. See “MISCELLANEOUS - Accounting Experts” herein.

Trustee and Bond Registrar

Regions Bank, Atlanta, Georgia, as trustee under the Indenture, will act as bond registrar and as paying agent for the Series 2024 Bonds.

Legal Authority for Issuance

The Series 2024 Bonds are authorized and issued in accordance with the Constitution of the State of Georgia and pursuant to the provisions of an act of the General Assembly of the State of Georgia (Ga. Laws 2013, page 4263 et seq., as amended (the “Act”), Official Code of Georgia Annotated Section 36-82-60 et seq., as amended (the “Revenue Bond Law”), and that certain Trust Indenture dated as of December 1, 2024 (the “Indenture”) between the Issuer and Regions Bank, Atlanta, Georgia, as trustee. For more complete information, see “DESCRIPTION OF THE SERIES 2024 BONDS—Authority for Issuance” herein.

Offering and Delivery of the Series 2024 Bonds

The Series 2024 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriter. The Series 2024 Bonds in definitive form are expected to be delivered through The Depository Trust Company in New York, New York, or its agent in Atlanta, Georgia, on or about December 18, 2024.*

Continuing Disclosure

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2024 Bonds, and the Issuer will not provide any such information. The District has undertaken all responsibilities for any continuing disclosure to Beneficial Owners of the Series 2024 Bonds, as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2024 Bonds or any other person with respect to such disclosures.

The District has covenanted for the benefit of the owners of the Bonds in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to provide (a) certain financial information and operating data relating to the District (the “Operating and Financial Data”) annually to the Municipal Securities Rulemaking Board (the “MSRB”), the present nationally recognized municipal securities information repository, through its Electronic Municipal Market Access system (“EMMA”), and to the state information repository (the “SIR”), if any, and (b) notices of the occurrence of certain events (the “Significant Events Notices”), to the MSRB through EMMA and to the SIR, if any. The form of the Disclosure Certificate containing the District’s undertaking to provide Operating and Financial Data and Significant Events Notices is set forth in **Appendix C** hereto. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”). As of the date of this Official Statement, there is no SIR in the State of Georgia.

In connection with the issuance of the District’s General Obligation Refunding Bonds, Series 2016 and the District’s Series 2021 Bonds issued by the Issuer (collectively, the “Prior Bonds”) and pursuant to the undertakings (the “Prior Undertakings”) delivered contemporaneously with the issuance of the Prior Bonds, the District covenanted to provide operating and financial data and material events notices. The District has failed to comply in all material respects with the Prior Undertakings.

The District timely filed on EMMA its audited financial statements for fiscal years 2020 and 2019. The District filed on EMMA its audited financial statements for fiscal year 2022 one hundred four days late, and for fiscal year 2021 thirty-four days late. The audited financial statements for fiscal year 2023 will also be filed late since the Georgia Department of Audits has not yet completed the audited financial statements. The District timely filed on EMMA the additional portion (the portion other than its audited financial statements) of its Annual Report (as defined in the Prior Undertaking) for fiscal years 2023, 2022, 2021, 2020 and 2019. The District filed on EMMA the financial information regarding the ten largest taxpayers of the District for fiscal year 2023 one hundred fourteen days late. The District timely filed its notice of failure to file financial information as to fiscal years 2023, 2022 and 2021. The District filed on EMMA its notice regarding its lease-purchase obligation, dated September 15, 2021, in the principal amount of \$480,995, three years and twenty-five days late. The District filed on EMMA its notice regarding its lease-purchase obligation, dated September 9, 2024, in the principal amount of \$364,595, thirty-one days late. The District has hired a dissemination agent to assist with compliance with the Prior Undertaking and any future undertaking. The District’s chief financial officer has been given the primary responsibility for compliance on behalf of the District.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

The information contained in this Official Statement does not purport to be comprehensive or definitive. All references herein to the Series 2024 Bonds or any other document are qualified in their entirety by reference to the definitive forms thereof and the provisions with respect thereto included in the Indenture, the Agreement, the Disclosure Certificate, or such other document. Copies of the Indenture, the Agreement, and the Disclosure Certificate and other documents and information are available, upon request and upon payment to the District of a charge for copying, mailing and handling, from Mr. Billy Kirk, Superintendent, Board of Education of the City of Commerce, 270 Lakeview Drive, Commerce, Georgia 30529-0001; telephone (706) 335-5500. During the period of the offering of the Bonds, copies of such documents are available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from Raymond James and Associates, Inc., Two Buckhead Plaza, Suite 702, 3050 Peachtree Road, N.W., Atlanta, Georgia 30305, telephone: (404) 240-6805.

PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2024 Bonds are estimated below.

Estimated Sources of Funds:	
Series 2024 Bond Par Amount	\$8,310,000.00*
Net Premium	
Total Sources of Funds	
Estimated Application of Funds:	
Project Construction and Equipping	
Cost of Issuance ¹	
Total Application of Funds	

¹ Includes the Underwriter’s discount, legal and accounting fees, rating agency fees, initial Trustee’s fees and printing costs, validation court costs, and other budgeted costs of issuance.

Project

The Series 2024 Bonds are being issued by the Issuer for the purpose of paying the costs of the construction and equipping of a new athletic field house facility for the District at the football stadium at Commerce High School (the “Project”), and paying the costs of issuance of the Series 2024 Bonds.

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be dated as of the date of delivery, and will bear interest from the later of such dated date or the Interest Payment Date (as defined below) next preceding their date of authentication to which interest has been paid, unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is after a Record Date and prior to the corresponding Interest Payment Date, in which case from such corresponding Interest Payment Date, or unless their date of authentication is prior to the first Interest Payment Date, in which case from the date of issuance thereof, at the rates per annum set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). The principal of and interest and redemption premium (if any) on the Series 2024 Bonds are payable upon the presentation and surrender of the Series 2024 Bonds at the corporate trust office of Regions Bank, Atlanta, Georgia, as trustee (the “Trustee”). Interest on the Series 2024 Bonds is payable on February 1 and August 1 (each such date, an “Interest Payment Date”), commencing August 1, 2025, by check or draft mailed by first class mail to the registered owner of record as of the January 15 or the July 15 immediately preceding the applicable Interest Payment Date, at such owner’s address as it appears on the bond registration books of the Issuer maintained by Regions Bank, Atlanta, Georgia, as bond registrar (the “Bond Registrar”). Interest on the Series 2024 Bonds is payable to any registered owner of more than \$500,000 in aggregate principal amount of Series 2024 Bonds by wire transfer to such registered owner if written notice is given to the Trustee at least 30 days prior to an Interest Payment Date. Interest shall continue to be so paid until such wire instructions are revoked in writing.

Authority for Issuance

The Series 2024 Bonds are being issued pursuant to the authority granted by (i) an act of the General Assembly of the State of Georgia (Ga. Laws 1999, page 4330 et seq.), as amended (the “Act”) (ii) Article 3 of Chapter 82 of Title 36 of the O.C.G.A. (the “Revenue Bond Law”), (iii) a bond resolution of the Issuer adopted on _____, 2024 (the “Bond Resolution”), and (iv) the Indenture.

Article IX, Section III, Paragraph I of the Constitution of the State of Georgia of 1983 authorizes any political subdivision of the State of Georgia to contract for any period not exceeding 50 years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake to provide.

The execution, delivery, and performance of the Agreement by the District was authorized and approved pursuant to a resolution adopted on _____, 2024 (the “District Resolution”) by the Board of Education of the City of Commerce (the “Board”), the managing and controlling body of the District.

Registration Provisions; Transfer and Exchange

The Series 2024 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The Series 2024 Bonds will be registered as to principal and interest on the registration books kept by the Bond Registrar. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, including payment, and payment to the registered owner thereof shall satisfy all liability thereon to the extent of sums so paid.

Ownership of any Series 2024 Bond will be transferable upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Series 2024 Bond or Series 2024 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2024 Bonds surrendered for such transfer. The Series 2024 Bonds may be exchanged for a like principal amount of Series 2024 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2024 Bonds. The Bond Registrar is not required to transfer or exchange any Series 2024 Bond after notice of redemption has been given or for fifteen days prior to the giving of such notice.

Redemption Provisions

The Series 2024 Bonds are not subject to optional redemption prior to maturity.

Book-Entry Only System

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and

Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2024 Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. **BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER TO RECEIVE NOTICES (INCLUDING NOTICES OF REDEMPTION) AND OTHER INFORMATION REGARDING SERIES 2024 BONDS THAT MAY BE SO CONVEYED TO DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS.**

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Issuer or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to Series 2024 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2024 Bonds are required to be printed and delivered.

The Issuer and the District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2024 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the District believe to be reliable, but the Issuer and the District take no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE DISTRICT NOR THE PAYING AGENT NOR THE UNDERWRITER (OTHER THAN IN THEIR CAPACITY, IF ANY, AS A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS.

NEITHER THE ISSUER NOR THE DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON SERIES 2024 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2024 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2024 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF SERIES 2024 BONDS.

SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS

Indenture

Pursuant to the Indenture, the Series 2024 Bonds are special limited obligations of the Issuer payable solely from and secured by a lien upon and pledge of the security assigned to the Trustee by the Issuer (the "Trust Estate"). The Series 2024 Bonds are secured by the Trust Estate, which includes the Issuer's rights, title and interest and remedies in and to the Agreement. The Agreement obligates the District to make periodic purchase payments to the Issuer in the amounts calculated to be sufficient to enable the Issuer to pay, when due, the principal of, premium, if any, and interest on the Series 2024 Bonds. The Issuer has covenanted in the Indenture not to create or permit to create any lien, security interest, or charge upon the Trust Estate, other than the pledge and assignment created by the Indenture. See "Summary of Certain Provisions of the Trust Indenture" in **Appendix B** hereto.

The Issuer has not granted any lien on or security interest in any assets of the Issuer or the revenues therefrom (other than Pledged Revenues) to secure the Series 2024 Bonds.

The Issuer may issue other bonds for the purpose of financing unrelated projects, which are not and will not be

secured by the Indenture or the Agreement. Such bonds will be secured by instruments separate and apart from the Indenture and the Agreement.

Agreement

Pursuant to the Agreement, the District has agreed to pay to the Issuer purchase payments for the Project in such amounts and at such times as will be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2024 Bonds, as and when the same become due and payable. The absolute and unconditional obligation of the District to make the purchase payments required by the Agreement is an obligation of the District, payable from any unencumbered funds, to which its full faith and credit and taxing power are pledged.

The District has agreed in the Agreement to make provision for the levy of an annual tax on all taxable property located within the boundaries of the District, at such rates, within the limits prescribed by law, as may be necessary to make the purchase payments called for by the Agreement and to make available and use for such payments all taxes levied and collected for that purpose together with funds received from any other sources. The purchase payments under the Agreement pledged to secure and pay the Series 2024 Bonds are deemed to be expenses for support and maintenance of the District's school system and are therefore subject to the 20-mill limitation on the annual rate of levy of ad valorem taxes by the District for support and maintenance. The District intends to make the purchase payments under the Agreement primarily from special purpose local option sale taxes for educational purposes and secondarily from ad valorem taxes.

The District has also agreed in the Agreement that in order to make funds available to make the purchase payments required by the Agreement in each fiscal year, it will, in its general revenue, appropriation, and budgetary measures through which its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy the payments required to be made under the Agreement until all payments required to be made under the Agreement have been made in full. **The District's obligation to make the payments required under the Agreement is absolute and unconditional and will not expire so long as any of the Series 2024 Bonds remain outstanding and unpaid.** See "Summary of Certain Provisions of the Installment Sale Agreement – Obligations of District Absolute and Unconditional" in **Appendix B** hereto.

The obligations of the District under the Agreement will, before the Series 2024 Bonds are issued and delivered, be determined by the Superior Court of Jackson County, Georgia to be legal, valid, binding, and enforceable obligations of the District. See "LEGAL MATTERS – Validation Proceedings and Approving Opinions" herein.

State Intercept Program

Prior to the issuance of the Series 2024 Bonds, the Board, pursuant to Section 20-2-480 of the Official Code of Georgia Annotated, will notify the State of Georgia Board of Education of the proposed issuance of the Series 2024 Bonds and authorize and direct the State of Georgia Board of Education to withhold from the District sufficient moneys from any state appropriation to which the District may be entitled and to apply so much as shall be necessary to the payment of the principal of and interest on the Series 2024 Bonds then due. Pursuant to Section 20-2-170 of the Official Code of Georgia Annotated, if the State of Georgia Board of Education has received the notification described in the preceding sentence and if at any time the State of Georgia Board of Education is notified by the Trustee, as Paying Agent for the Series 2024 Bonds, that the District has failed to effect the punctual payment of the principal of or interest on the Series 2024 Bonds by failing to make an Installment Sale Agreement Payment (as defined in the Agreement), the State of Georgia Board of Education is authorized to and shall withhold from any state appropriation to which the District may be entitled and apply so much thereof as shall be necessary to the payment of the principal of and interest on the Series 2024 Bonds then due.

Under the terms of the Agreement, the District is required to deposit with the Paying Agent on or before each January 10 and July 10 (or, if such day is not a business day, the next succeeding business day) amounts sufficient to pay in full the principal of and interest on the Series 2024 Bonds on the following February 1 or August 1, respectively. Under the terms of the Bond Resolution and the District Resolution, if on any January 10 or July 10 (or, if such day is not a business day, the next succeeding business day) the Paying Agent has not received from the District amounts sufficient to pay in full the principal of and interest on the Series 2024 Bonds on the following February 1 or August 1, respectively, then the Paying Agent is required to notify the State of Georgia Board of

Education by January 15 or July 15, respectively, of the amount of any such deficiency. Under the Indenture, all funds received by the Paying Agent from the State of Georgia Board of Education to pay principal of and interest on the Series 2024 Bonds must be held by the Paying Agent in trust to make the payments on the Series 2024 Bonds on such February 1 or August 1.

The amounts subject to interception by the State of Georgia Board of Education for the benefit of the owners of the Series 2024 Bonds will depend upon the amount and timing of annual appropriations made by the General Assembly of the State of Georgia to the District. See “DISTRICT FINANCIAL INFORMATION - Five Year General Fund History” herein for the amounts paid to the District by the State of Georgia for general operating purposes over the District’s past five fiscal years. The State of Georgia paid to the District for general operating purposes during fiscal year ending June 30, 2023 approximately \$14,864,800 (unaudited) and during fiscal year ending June 30, 2024 approximately \$14,361,500 (unaudited). The District expects to receive at least \$14,677,000 from the State of Georgia for general operating purposes during fiscal year 2025. The State of Georgia disburses the amount committed to the District for each fiscal year in 12 approximately equal installments on or before the last day of each month of such fiscal year. The timing of the payment of any amounts subject to interception by the State of Georgia Board of Education to the Paying Agent for the benefit of the owners of the Series 2024 Bonds will depend upon the ability of the State of Georgia Board of Education to promptly liquidate investments of money appropriated but not disbursed by the General Assembly of the State of Georgia to the District. No assurance can be given concerning the timing or amounts of future appropriations by the General Assembly of the State of Georgia to the District or the timing of the payment of any amounts subject to interception by the State of Georgia Board of Education to the Paying Agent.

Limited Obligations

The Series 2024 Bonds are special limited obligations of the Issuer payable solely from purchase payments to be made by the District to the Issuer pursuant to the Agreement. The Series 2024 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the Issuer other than the Pledged Revenues and the funds created and held under the Indenture.

The Series 2024 Bonds, however, do not constitute direct obligations of the District and are not directly secured by the general faith and credit or the taxing power of the District, the State of Georgia, or any other political subdivision thereof, and the Series 2024 Bonds will not be or be deemed to constitute debt of the State of Georgia, the Issuer, or the District or any other political subdivision of the State of Georgia within the meaning of any constitutional or statutory limitation on indebtedness. The Issuer has no taxing power and has no legal right to receive appropriations from the State of Georgia or the District, except under the Agreement. No owner of any Series 2024 Bonds shall, by virtue of being such owner and without regard to any rights such owner may have under other instruments and agreements, including the Agreement, ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the District, to pay the Series 2024 Bonds or the interest thereon, or to enforce the payment thereof against any property of the Issuer (other than property assigned and pledged under the Indenture), the State of Georgia, or any political subdivision thereof, including the District.

Enforceability of Remedies

The realization of value from the pledge of the Pledged Revenues and the taxing power of the District under the Agreement upon any default will depend upon the exercise of various remedies specified by the Indenture and the Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2024 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Indenture or the Agreement.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no authority or municipality or political subdivision created under the Constitution or the laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for consolidation of its debts under any

federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, city council, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or municipality or political subdivision created under the Constitution or laws of the State of Georgia of any petition for federal relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

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PRINCIPAL AND INTEREST REQUIREMENTS

Principal and Interest Requirements

Set forth below are the principal and interest payment requirements with respect to the Bonds and the principal and interest payment requirements with respect to the outstanding bonds of the District, for the years shown below. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used.

Year Ending December 31	Prior Bonds ¹			The Series 2024 Bonds			Combined Total Debt Service Requirements
	Principal	Interest	Total Debt Service Requirements	Principal*	Interest	Total Debt Service Requirements	
2024	\$2,055,000.00	\$ 342,325.00	\$2,397,325.00				
2025	1,520,000.00	285,800.00	1,805,800.00	\$ 700,000.00			
2026	1,605,000.00	224,500.00	1,829,500.00	1,265,000.00			
2027	1,695,000.00	159,700.00	1,854,700.00	1,300,000.00			
2028	355,000.00	91,400.00	446,400.00	840,000.00			
2029	390,000.00	78,450.00	468,450.00	860,000.00			
2030	510,000.00	62,400.00	572,400.00	800,000.00			
2031	550,000.00	43,950.00	593,950.00	820,000.00			
2032	590,000.00	26,850.00	616,850.00	840,000.00			
2033	<u>600,000.00</u>	<u>9,000.00</u>	<u>609,000.00</u>	<u>885,000.00</u>			
Totals	\$9,870,000.00	\$1,324,375.00	\$11,194,375.00	\$8,310,000.00			

¹ School District of the City of Commerce General Obligation Refunding Bond, Series 2016, and City of Commerce Public Facilities Authority Revenue Bonds (School District of the City of Commerce Project), Series 2021 (the "Series 2021 Bonds").

See "THE DISTRICT - Summary of District Debt by Category and Overlapping Debt" herein for a summary of other indebtedness of the District.

THE ISSUER

The Issuer is a public body corporate and a political subdivision of the State of Georgia, created by and under the provisions of an act of the General Assembly of the State of Georgia (Ga. Laws 2013, page 4263, et seq.), as amended (the "Act"). The Issuer was created for the purpose of providing buildings, facilities and services for the citizens in the City of Commerce, Georgia (the "City"). The Act specifically empowers the Issuer to issue its obligations for the purpose of financing any undertakings within the scope of its power.

The Issuer consists of eight members, with seven of the members being the Mayor and the City Council of the City of Commerce (the "City"), and the final member being appointed by the Mayor and the City Council of the City. The term of office of the members who are the Mayor and the City Council members shall be concurrent with their terms as Mayor and as council members. The term of office for the remaining member shall be four years and until his or her successor is appointed and qualified.

The present members and officers of the Issuer are listed below:

<u>Name</u>	<u>Expiration of Current Term of Office</u>	<u>Occupation</u>
J. Clark Hill, III, Chairman	December 31, 2028	Medical doctor
Keith Burchett	December 31, 2025	Business owner
Darren Owensby	December 31, 2025	Employed by Southeast Toyota
Andre Rollins	December 31, 2025	Retired
Mark Fitzpatrick	December 31, 2025	Network technician
Bobby Redmon	December 31, 2028	Construction superintendent
Roshuanda Merritt	December 31, 2028	Administration, Athens Boys & Girls Club
Sandra Haggard, Secretary**	--	

** Not a member of the Issuer

THE DISTRICT

Introduction

The School District of the City of Commerce is a political subdivision of the State of Georgia, separate from and legally and fiscally independent of the City of Commerce and all other political subdivisions. The boundaries of the District are coextensive with the incorporated limits of the City of Commerce. The District is the only school district in the City of Commerce and is vested with the power to conduct a system of public education within the incorporated limits of the City of Commerce.

District Administration and Officials

Under Georgia law, the District is controlled and managed by the Board. The Board was created to manage and control the school system of the District pursuant to (1) Acts of the General Assembly of the State of Georgia (1991 Ga. Laws, p. 4042, et seq.; 1993 Ga. Laws, p. 3714, et seq.; and 2005 Ga. Laws, p. 3597, et seq. (collectively, the "Act"), (2) Part 3 of Article 9 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, and (3) Article 1 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated.

Under the Act, the Board of Education of the City of Commerce consists of five members. For the purpose of electing Board of Education members, the Act divides the District into five education districts and requires one member to be elected to the Board of Education from each education district. Each Board of Education member is elected by the qualified voters of the City of Commerce voting within each respective education district. The Act requires each candidate for election to the Board of Education to be a resident of the education district from which he or she seeks election. Under the Act, the members of the Board of Education are elected to office for terms of four years or until their successors are elected and qualified. The chairperson of the Board of Education may reside anywhere within the District and is elected by a majority of votes cast within the entire District. The chairperson is also elected for a term of four years.

Information concerning the current members of the Board of Education is set forth below:

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Number of Years in Office</u>	<u>Principal Occupation</u>
Kyle Moore, <i>Chairman</i>	December 31, 2024	9	Landscape business
Cara Bray, <i>Vice Chairman</i>	December 31, 2025	3	Retired educator
Matthew Dean	December 31, 2028	1	Self-employed
Cory Griffith	December 31, 2028	1	Self-employed
Bobby Patman	December 31, 2025	.25	Probation officer

The school superintendent of the District is the executive officer of the Board of Education and is employed by the Board of Education under written contract for a term of not less than one year. The school superintendent acts as the Secretary of the Board of Education, ex officio. No person will be eligible to be appointed or employed as school superintendent unless such person is of good moral character, has never been convicted of any crime involving moral turpitude, and possesses acceptable business or management experience as specified by the Professional Standards Commission or the minimum valid certificate or a letter of eligibility for such certificate required by the Professional Standards Commission.

Mr. Billy Kirk is the superintendent of the school system. He has served the School District in this capacity since July 1, 2024. The superintendent has full responsibility for overseeing the operation of the school system. Before becoming superintendent, Mr. Kirk was principal of Lumpkin County (Georgia) High School. He holds an education specialist degree from Lincoln Memorial University, Harrogate, Tennessee, a master’s degree in sports management from United States Sports Academy, Daphne, Alabama, and a bachelor’s degree in special education from Delta State University, Cleveland, Mississippi.

Whitney Metzger is the finance director of the District. She has served the District in this capacity since July 1, 2024. Ms. Metzger holds a bachelor’s degree in accounting from Kennesaw State University, Kennesaw, Georgia. Before becoming finance director, Ms. Metzger was a grants accounting manager at the Georgia Department of Education.

Operations

The District’s school system serves all of the area within the incorporated limits of the City of Commerce. Funds for the general maintenance and operation of the District’s school system are derived from local, state, and federal sources. Local revenues consist primarily of ad valorem property taxes. See “DISTRICT AD VALOREM TAXATION” herein. Funds received from the State of Georgia are determined by certain formulas, generally based upon the number of students served and the relative wealth of the school district in relation to other school districts in Georgia, established by the State of Georgia Department of Education. Funds received from the federal government are primarily for programs for disadvantaged and handicapped students and for the school food service program. During the District’s five fiscal years ended June 30, 2019 through June 30, 2023, approximately 34% of the District’s total revenues were derived from local sources, 55% from state sources, and 11% from federal sources. See “DISTRICT FINANCIAL INFORMATION - Five Year General Fund History” herein.

Schools

The School District’s school system consists of four schools: one primary school, one elementary school, one middle school and one high school. The School District’s school system has a total enrollment of approximately 1,868 students as of the beginning of the 2023-2024 school year. Set forth below is information concerning the school system for the 2023-2024 school year:

<u>School Name</u>	<u>Grades</u>	<u>Size of Enrollment</u>
Commerce Primary School	PK-2	487
Commerce Elementary School	3 through 4	282
Commerce Middle School	5 through 8	553
Commerce High School	9 through 12	546
Total		1,868

The School District employs approximately 163 full and part time professionals, 75% of whom hold advanced degrees. Specialists are available in the fields of learning disabilities, behavior disorders and intellectual disabilities, as well as speech therapy and psychological testing for children. There are also approximately 103 full and part time support employees.

All teachers in the school system hold bachelor’s degrees, and many have master’s degrees. Most have a continuing interest in professional and personal growth through formal study and staff development workshops.

All schools in the school system are accredited by the Georgia Accrediting Commission and have met the requirements for Standard Schools as set forth by the Georgia Department of Education. Commerce Middle School and Commerce High School are also accredited by the Southern Association of Colleges and Schools.

Enrollment

Set forth below is information concerning enrollment in the District’s school system over the past five school years as of the beginning of each school year.

<u>School Year</u>	<u>Total Enrollment</u>
2024-25	
2023-24	1,865
2022-23	1,785
2021-22	1,757
2020-21	1,721

Employees, Employee Relations, and Labor Organizations

The District’s school system had approximately 248 full-time employees during the 2023-2024 school year in the following categories:

<u>Category</u>	<u>Employees¹</u>
Classroom Teachers	132
Administrators and Supervisors	16
Librarians, Guidance Counselors, and Psychologists	8
Professional/technical support	2
Aides, Clerical, and Attendance Officers	50
Transportation and Maintenance	20
Food Service	20
Total	248

No employees of the District are represented by labor organizations or are covered by collective bargaining agreements, and the District is not aware of any union organizing efforts at the present time. The School Superintendent believes that employee relations are good.

DISTRICT DEBT STRUCTURE

Summary of District Debt By Category

Set forth below is information concerning debt of the District as of June 30, 2023. The information set forth below should be read in conjunction with the District’s financial statements included as **Appendix A** hereto.

<u>Category of Debt</u>	<u>Amount Authorized But Unissued</u>	<u>Amount Outstanding (less Sinking Fund Installments Paid)</u>	<u>Amount To Be Outstanding Upon Issuance of Bonds</u>
General Obligation Bonds ¹	\$ --	\$ 6,225,000	\$ 6,225,000
Capital Leases ²	\$ --	288,501	288,501
Installment Sale Agreement ³	\$ --	4,155,000	12,465,000*
Total	\$ --	\$10,668,501	\$18,978,501*

¹ General obligations of the District to which its full faith and credit and taxing power are pledged.

² The financial obligations of the District under the leases do not constitute general obligations of the District to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the Board of

Education to pay the lease payments due in each fiscal year under the leases. The District's obligations under the leases are from year to year only and do not constitute mandatory payment obligations of the District in any fiscal year in which funds are not appropriated by the Board of Education to pay the leases due in such fiscal year. The District's obligations under the leases do not constitute debt of the District for purposes of the constitutional debt limit described in "DISTRICT DEBT STRUCTURE - Limitations on District Debt" herein and do not count against the District's debt limitation. For a description of a legal limitation on the ability of the District to enter into lease and installment purchase contracts subject to annual appropriation, see "DISTRICT DEBT STRUCTURE - Limitations on District Debt" herein.

³ The financial obligation of the District under the installment sale agreement constitutes a general obligation of the District to which its faith and credit or taxing power are pledged, since it is an intergovernmental contract. The District's obligation under the installment sale agreement does not constitute debt of District for purposes of the constitutional debt limit described in "DISTRICT DEBT STRUCTURE - Limitations on District Debt" herein and does not count against the District's debt limitation.

There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the District.

Proposed Debt

The District anticipates issuing additional general obligation bonds in the approximate amount of \$26,000,000 during 2025 for the construction of a new elementary school.

Debt Service Requirements

Set forth below are the debt service requirements of the District for all categories of debt upon the issuance of the Bonds.

<u>Year Ending December 31</u>	<u>General Obligation Bonds¹</u>	<u>Capital Leases²</u>	<u>Intergovernmental Contracts^{3*}</u>	<u>Total Debt Service Requirements*</u>
2024	\$1,383,800.00	\$100,546.10		
2025	1,401,600.00	186,264.73		
2026	1,411,800.00	85,718.63		
2027	1,419,600.00	85,718.63		
2028	--	85,718.63		
2029	--	85,718.63		
2030	--	--		
2031	--	--		
2032	--	--		
2033	--	--		
Total	\$5,616,800.00	\$629,685.35		

¹ School District of the City of Commerce General Obligation Refunding Bonds, Series 2016.

² The District's capital lease debt is comprised of a financing of school buses and a financing of scoreboard equipment.

³ The District's Intergovernmental Contract debt service is comprised of the payments due under the Installment Sale Agreement securing the Series 2024 Bonds and the Installment Sale Agreement securing the Series 2021 Bonds.

Overlapping Debt

In addition to the District's debt obligations, property owners in the District are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the District overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported debt of the District. Although the District has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Name of Overlapping Entity</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage of Outstanding Debt Chargeable to Property in the District³</u>	<u>Amount of Debt Chargeable to Property in the District</u>
City of Commerce	\$ 12,120,081	100%	\$ 12,120,081
Jackson County	<u>60,745,000</u>	9.24%	<u>5,612,838</u>
Total	\$ 72,865,081		\$ 17,732,919

¹ City of Commerce tax supported debt as of June 30, 2023 made up of (i) \$93,275 in capital leases, (ii) \$12,026,806 in intergovernmental contract obligations; does not include (i) \$6,210,000 in intergovernmental contract obligations intended to be paid from the revenues of the sewer system of the City of Commerce, and (ii) \$1,829,359 in notes payable to the Georgia Environmental Finance Authority (GEFA) intended to be paid from the revenues of the sewer system.

² Jackson County tax supported debt as of December 31, 2023 made up of \$60,745,000 in intergovernmental contract obligations.

³ The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the District by the gross assessed valuation of property in the overlapping entity.

Limitations on District Debt

The Constitution of the State of Georgia provides that the District may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the District voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the District may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the District.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation (such as the Capital Leases described in **“DISTRICT DEBT STRUCTURE - Summary of District Debt by Category”** herein), and intergovernmental obligations are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the District's debt limitation upon being refunded. As computed in the table below, based upon its 2024 assessed value and after the issuance of the Bonds, the District could incur (upon necessary voter approval) approximately \$38,831,786 of long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

General Obligation Bond Tax Digest as of January 1, 2023	\$427,467,868
Debt Limit (10% of Assessed Value)	\$ 42,746,786
Amount of Debt Applicable to Debt Limit	\$ 3,915,000
Legal Debt Margin	\$ 38,831,786

¹ Made up of the District's General Obligation Refunding Bonds, Series 2016 now outstanding in the principal amount of \$3,915,000.

Section 20-2-506(b)(4) of the Official Code of Georgia Annotated provides that lease and installment purchase contracts subject to annual appropriation must contain provisions limiting the total combined annual payments for such contracts and intergovernmental contracts in any calendar year to an amount equal to 7.5 percent of the total local revenue collected for maintenance and operation of the District in the most recently completed fiscal year. The District presently has no such leases or installment purchase contracts.

Tax Supported Debt Ratios

The following table sets forth certain debt ratios following issuance of the Bonds.

	<u>Tax Supported Debt*</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt*</u>
Per Capita Debt ¹	\$ 2,290.15	\$ 2,139.85	\$ 4,430.00
Percentage of Tax Digest ²	4.58%	4.28%	8.86%
Percentage of Fair Market Value ³	1.13%	1.06%	2.19%
Per Capita Debt as Percentage of Per Capita Income ⁴	9.84%	9.20%	19.04%

¹ Based upon 2023 population estimate of 8,287.

² Based upon 2023 Net Maintenance and Operations Tax Digest of \$414,602,621.

³ Based on 2023 estimated actual value of \$1,673,073,565.

⁴ Based upon 2022 per capita personal income figure of \$23,269 for the City of Commerce.

DISTRICT AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the District is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 17% of District general fund revenues for the five fiscal years of the District ending June 30, 2019 – 2023 and are budgeted to account for approximately 25% of general fund revenues for the year ending June 30, 2025. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied, based upon value, against real and personal property within the District. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

In addition, the District allows exemptions from ad valorem taxation for school purposes for (1) homesteads, or owner-occupied residences, of disabled veterans or the unremarried surviving spouse of a disabled veteran, not to exceed the greater of \$32,500 of assessed value or an amount determined under federal law, (2) homesteads, or owner-occupied residences, of persons who are 62 years of age but less than 69 years of age and who have net income, together with net income of a spouse residing in the homestead, not exceeding \$60,000 for the immediately preceding year, up to \$60,000 of assessed value, (3) homesteads, or owner-occupied residences, of persons who are 70 years of age or older and who have net income, together with net income of a spouse residing in the homestead, not exceeding \$60,000 for the immediately preceding year, up to \$70,000 of assessed value (4) homesteads, or owner-occupied residences, of an unremarried surviving spouse of a peace officer or firefighter who was killed in the line of duty, for the full value of the homestead, (5) homesteads, or owner-occupied residences, of an unremarried surviving spouse of a member of the United States armed forces killed in war or armed conflict, not to exceed the greater of \$32,500 of assessed value or an amount determined under federal law, and (6) the inventory of companies that manufacture or warehouse goods in the City of Commerce, known as the “freeport” exemption.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed

for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally-sensitive real property (otherwise known as conservation use property) and certain single-family real property located in transitional developing areas to be valued at their “current uses” (as opposed to fair market value).

The chief appraiser of Jackson County, Georgia, is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the City of Commerce to the Jackson County Board of Tax Assessors. The Tax Commissioner of Jackson County is required to present the tax returns of the City to the Jackson County Board of Tax Assessors by April 1 of each year. The Jackson County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Jackson County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to Jackson County which bills these taxes to the utilities. See also “State of Georgia Tax Reform Legislation” below for a discussion of legislation that changes the ad valorem taxation of motor vehicles by local governments.

Annual Tax Levy

Neither the District nor the Board has the power to levy ad valorem property taxes. The Council of the City of Commerce annually levies the ad valorem property taxes for the District. The Board is required by Georgia law to annually certify to the Council of the City of Commerce the rate of levy needed to produce the necessary amount of property tax revenues to support and maintain the District’s school system. The Board of Education determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the District, will produce the necessary amount of property tax revenues. Under Georgia law, the council of the City of Commerce is required to annually levy the ad valorem property tax certified to it by the Board, upon the assessed value of all taxable property within the District.

Under Georgia law, the annual rate of levy for the support and maintenance of the District’s school system may not exceed 20 mills. This 20-mill limitation may be increased or removed by action of the Board of Education of the City of Commerce, but only after such action has been approved by a majority of the qualified voters of the District. Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the District. Ad valorem property taxes received for the payment of debt service on general obligation bonds of the District are required by law to be held and accounted for separately from other funds of the District. See “THE BONDS – Disbursement and Investment of Bond Proceeds and Other Moneys” herein.

Property Tax Collections

Under an intergovernmental contract, Jackson County, Georgia bills and collects the property taxes of the District on behalf of the District. Under the contract, the tax commissioner of Jackson County, Georgia is required to pay over to the District once a month all taxes collected for school purposes. Jackson County, Georgia presently does not charge the District a collection fee. Real and personal property taxes, except motor vehicle taxes, are levied on January 1 of each year on the assessed value listed as of January 1. Taxes levied by the City of Commerce on behalf of the District on January 1 are normally billed in October and are normally payable on or before December 20. Motor vehicle taxes are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum applies to taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien normally becomes enforceable on December 20 of each year. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of the realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

At any time after the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the Sheriff may issue an execution for nonpayment of taxes. The Sheriff may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Sheriff at the Jackson County Courthouse on the first Tuesday of the month after the required notices are given.

State of Georgia Tax Reform Legislation

In the 2012 legislative session, the Georgia General Assembly enacted legislation known as House Bill 386 ("HB 386"). HB 386 was subsequently signed into law by Georgia Governor Nathan Deal. HB 386 provides a number of changes to Georgia's tax laws that impact local governments in Georgia, including the District as regards its ad valorem tax base. These changes include the following:

- Eliminated the sales tax and ad valorem tax on motor vehicles titled after March 1, 2013, replacing it with a one-time title tax of 6.5% in 2013, 6.75% in 2014, and 7% in 2015 and thereafter when titling a motor vehicle. The title tax also applies to casual (non-dealer) sales of motor vehicles, whereas prior law did not require sales tax to be collected on casual sales of motor vehicles.
- Eliminated the state and local sales tax on the energy used in manufacturing, subject to a four year phase-in of 25% per year until it reaches the full exemption in 2016. The legislation allows for counties and cities to pass an ordinance to collect an excise tax on the energy used in manufacturing to make up for the sales tax revenues lost through the exemption established by the State of Georgia.
- Expansion of the number of out-of-state companies required to collect local and state sales tax on internet transactions that have previously not been taxed because the business did not have a physical presence in the State of Georgia.
- Restoration of sales tax holidays for school supplies and energy-efficient appliances. These holidays were eliminated several years ago as a result of the economic downturn.

See "DISTRICT AD VALOREM TAXATION - Property Tax Levies and Collections" for collection numbers for ad valorem tax on motor vehicles and motor vehicle title transfer tax over the past five fiscal years.

Historical Property Tax Data

Set forth below is information concerning the assessed (40% of fair market value) and estimated actual (fair market) value of taxable property within the District for calendar years 2019 through 2023.

Calendar Year	Assessed Values					Gross Tax Digest ¹	Bond Exemptions	General Obligation Bond Tax Digest ²	Maintenance & Operations Exemptions	Maintenance & Operations Tax Digest ³	Estimated Actual Value
	Real & Personal Property ¹	Public Utilities	Motor Vehicles	Mobile Homes							
2023	\$652,915,758	\$12,168,028	\$2,743,280	\$1,402,360	\$669,229,426	\$ 241,761,558	\$427,467,868	\$254,626,805	\$414,602,621	\$1,673,073,565	
2022	397,574,128	11,932,238	2,470,700	994,628	412,971,694	137,433,161	275,238,533	105,097,596	307,874,098	1,032,429,235	
2021	330,158,179	8,297,355	2,749,800	875,177	342,080,511	109,525,932	232,554,579	79,826,971	262,253,540	855,201,278	
2020	247,696,775	5,733,309	3,444,550	754,182	257,628,816	44,483,839	213,144,977	55,518,558	202,110,258	644,072,040	
2019	210,302,925	5,615,616	3,689,050	757,142	220,364,733	32,196,213	188,168,520	42,711,397	177,653,336	550,911,833	

¹ Does not include the manufacturing facilities (land, buildings and equipment) of SK Battery America, Inc. (“SK Battery”) located in the City of Commerce; such facilities are presently exempt property and not part of the tax digest pursuant to the PILOT Agreement and related documents entered into by SK Battery, the District, the City of Commerce, the Jackson County Industrial Development Authority and Jackson County. See “DISTRICT AD VALOREM TAXATION – Payments in Lieu of Taxes” below.

² Total assessed value, after deducting exemptions, for purposes of levying tax for the District’s general obligation bonds.

³ Total assessed value, after deducting exemptions, for purposes of levying tax for the maintenance and operations of the District’s school system.

Source: State of Georgia Department of Revenue, Property Tax Division; Jackson County Tax Commissioner

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Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the District and all overlapping governments which levied property taxes for calendar years 2019 through 2023.

Calendar Year	District			Jackson County				District-Wide Total ³
	Maintenance and Operations ¹	Bond Debt Service	Total	City of Commerce	Unincorporated ²	Incorporated (Commerce District)	State of Georgia	
2023	15.500	2.00	17.500	4.360	6.171	7.748	0.000	29.608
2022	16.928	2.00	18.928	4.360	7.800	9.138	0.000	32.426
2021	17.078	2.00	19.078	3.860	8.000	9.428	0.000	32.366
2020	18.925	3.00	21.925	3.860	8.950	10.447	0.000	36.258
2019	19.062	3.00	22.062	3.886	9.166	10.813	0.000	36.761

¹ The legal limit is 20 mills. See DISTRICT AD VALOREM TAXATION – Annual Tax Levy” herein.

² The County has several fire districts in the unincorporated area of Jackson County. The millage rates shown do not include any millage for fire district tax; the median millage rate for fire district tax is 1.70 mills.

³ Uses Jackson County – Incorporated (Commerce District) millage rates for the District-Wide Total.

Source: Jackson County Tax Commissioner

Property Tax Levies and Collections

Set forth below is information concerning property tax levies and collections of the District for the last five fiscal years.

Fiscal Year	Tax Levy ¹	Tax Collections ²			Percentage of Collection of Current Year's Levy to Tax Levy	Percentage of Total Tax Collections to Tax Levy	Delinquent Taxes Outstanding as of Year End	Percentage of Delinquent Taxes to Tax Levy
		Current Year's Levy ¹	Prior Years	Total				
2023	\$5,153,031	\$4,933,257	\$ 47,903	\$4,981,160 ³	95.74%	96.66%	\$ 493,361	9.57 %
2022	4,416,859	4,423,370	122,244	4,545,614 ⁴	100.15	102.92	101,710	2.30
2021	3,745,477	3,846,899	157,073	4,003,972 ⁵	102.71	106.90	134,961	3.60
2020	3,301,675	3,274,007	129,608	3,403,615 ⁶	99.16	103.09	200,214	6.06
2019	3,107,584	3,008,106	56,479	3,064,585 ⁷	96.80	98.62	208,725	6.72

¹ Amounts shown are tax levies for maintenance and operations. Each fiscal year relates to the preceding calendar year tax digest. For example, for the collection period fiscal year 2020, Current Year relates to calendar year 2019 tax digest.

² Amounts shown are tax collections for maintenance and operations. Amounts shown are gross not reduced for the collection fee of 2.0% paid to Jackson County. Amounts shown do not include PILOT Agreement payments from SK Battery.

³ Amount shown includes \$8,157 of interest collected; does not include ad valorem tax on motor vehicles in the amount of \$41,495 and motor vehicle title transfer tax in the amount of \$490,456; also does not include \$11,737,682 PILOT Agreement payment from SK Battery.

⁴ Amount shown includes \$14,664 of interest collected; does not include ad valorem tax on motor vehicles in the amount of \$23,273 and motor vehicle title transfer tax in the amount of \$434,853; also does not include \$1,742,754 PILOT Agreement payment from SK Battery.

⁵ Amount shown includes \$16,027 of interest collected; does not include ad valorem tax on motor vehicles in the amount of \$420,591 and motor vehicle title transfer tax in the amount of \$457,415; also does not include \$1,154,775 PILOT Agreement payment from SK Battery.

⁶ Amount shown includes \$16,028 of interest collected; also does not include ad valorem tax on motor vehicles in the amount of \$78,560 and motor vehicle title transfer tax in the amount of \$328,618; also does not include \$258,277 PILOT Agreement payment from SK Battery.

⁷ Amount shown includes \$31,730 of interest collected; does not include ad valorem tax on motor vehicles in the amount of \$89,873 and motor vehicle title transfer tax in the amount of \$293,251.

Source: Jackson County Tax Commissioner.

Delinquent property taxes of the District are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the District for calendar year 2023. A determination of the largest taxpayers within the District can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the District. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>District Taxes Levied</u>	<u>Percentage of Taxes Levied¹</u>
Q Harmony Holdings LLC	Land Developers/Real Estate	\$ 18,476,452	\$ 286,385	5.56%
MPLD Kingsport LLC	GE appliances warehouse	16,863,680	261,387	5.07%
Haier US Appliance Solutions	Appliance distribution center	15,379,134	238,377	4.63%
Ollies Bargain Outlet Inc.	Outlet distribution center	8,533,019	132,262	2.57%
Big Box 1523 Steve Reynolds	Outlet distribution center	7,800,000	120,900	2.35%
Georgia Power Company	Public Utility	7,711,713	119,532	2.32%
Enchem America LLC	Chemical manufacturing	7,433,959	115,226	2.24%
PBR/SKAPS Inc	Drainage products fabrication	7,057,038	109,384	2.12%
SK Battery America	Battery manufacturing	5,369,313	83,224	1.62%
Southeast Toyota Dist	Vehicle parts manufacturing	<u>4,831,477</u>	<u>74,888</u>	<u>1.45%</u>
Total		<u>\$ 99,455,785</u>	<u>\$ 1,541,565</u>	<u>29.92%</u>

¹ Based on calendar year 2023 maintenance and operations tax levy of \$5,153,031.

Source: Jackson County Tax Commissioner.

Recent Ad Valorem Tax Legislation

House Bill 581 (“HB 581”) was passed by both houses of the General Assembly on March 28, 2024, following reconciliation in conference committee. The Governor of Georgia signed the legislation on April 18, 2024. For the legislation to become effective, the voters state-wide in Georgia had to approve an amendment to the Georgia Constitution permitting the legislation. On November 5, 2024, the amendment to the Georgia Constitution was approved by Georgia voters. HB 581 implements a floating homestead exemption for ad valorem taxing jurisdictions in Georgia.

For homes first receiving this exemption in taxable year 2025, the base year assessed value will be the 2024 assessed value. For homes first receiving this exemption in later years, the base year assessed value will be the assessed value for the immediately preceding year. The base year value may increase each year by up to the inflationary rate determined by the Georgia Revenue Commissioner, which may utilize the Consumer Price Index (CPI). This new floating homestead exemption is in addition to and not in lieu of all non-floating homestead exemptions. If there is an existing local floating homestead exemption, the taxpayer will receive whichever of the two exemptions is more beneficial. This is also true if a local floating homestead exemption is added in the future. Any governing authority may elect to opt out of the floating homestead exemption created by this bill by advertising and conducting three public hearings on their intent to opt out and later adopting the resolution. This process may not begin until the bill takes effect on January 1, 2025, and must be completed by March 1, 2025. A governing authority may not opt-out of the statewide floating homestead exemption after this deadline.

Pursuant to HB 581, in effect, the homestead exemption limits the amount of any increase in the assessed value of homes to no more than the rate of inflation experienced over the prior year. It does not freeze the value. This is best described as an adjusted base-year homestead exemption, because it grants an exemption equal to the difference between the homestead’s adjusted base-year value (generally the value for the year prior to the homeowner’s application for the exemption plus an inflation factor for each year since the exemption was first granted) and the current year’s true value.

The Board of Education of the City of Commerce has not decided yet whether to opt out of the floating homestead exemption created by HB 581. The Board does not know to what extent the floating exemption would negatively affect the ad valorem tax digest of the District going forward.

Litigation Regarding Ad Valorem Tax Sharing Agreement

The School District of the City of Commerce (the “Commerce District”) entered into an agreement (the “Agreement”) with the Jackson County School District (the “Jackson County District”) on January 17, 1995 providing for the sharing of ad valorem taxes between the districts. The Agreement provided for the Jackson District paying the Commerce District a portion of the ad valorem taxes collected by the Jackson District within the “shared tax area” (as delineated in the Agreement) in a particular calendar year in the event the “per pupil tax base” of the Jackson District is greater than the “per pupil tax base” of the Commerce District in such calendar year and provided for the Commerce District paying the Jackson District a portion of the ad valorem taxes collected by the Commerce District within the “shared tax area” (as delineated in the Agreement) in a particular calendar year in the event the “per pupil tax base” of the Commerce District is greater than the “per pupil tax base” of the Jackson District in such calendar year. “Per pupil tax base” is defined as the amount determined by dividing the total tax digest (which does not include tax exempt property of the particular school district by its number of full time students. The Agreement has a term of 50 years and 11.5 months under its terms, beginning with its date of January 17, 1995 and expiring on December 31, 2045.

For 1995 through 2006, the parties operated under the Agreement, but in 2007 the parties ceased operating under the Agreement and continued to not operate under the Agreement up until 2020 when the Jackson District requested that the parties resume performance under the Agreement. This request by the Jackson District was motivated by the Jackson District’s claim that the two manufacturing facilities built by SK Battery America, Inc. (“SK Battery”) in the City of Commerce at a total capital investment of approximately \$2.6 billion increased the Commerce District’s tax digest significantly. The Jackson District claimed that such increase caused the Commerce District’s “per pupil tax base” to be greater than the Jackson District’s “per pupil tax base” and caused the Commerce District, pursuant to the Agreement, to owe the Jackson District a portion of the ad valorem taxes collected by the Commerce District, including a portion of the ad valorem taxes on the SK Battery facilities.

The Commerce District responded that the Agreement was void because it violated the intergovernmental contract clause of the Georgia Constitution which prohibits a contract term in excess of 50 years. The Commerce District also claimed that the Agreement violates the intergovernmental contract clause because it is not a contract relating to services or property as required by the clause. Further, the Commerce District claimed that the SK Battery facilities are exempt property, i.e. non-taxable property which is not part of its tax digest, under the PILOT Agreement (referred to below in the subsection herein entitled “Payments in Lieu of Taxes”) and related documents and that the payments by SK Battery under the PILOT Agreement do not constitute ad valorem taxes that are subject to the Agreement.

In response to the Commerce District’s claims regarding the Agreement, the Jackson District filed a declaratory judgment action in March, 2021, in the Jackson County Superior Court, seeking a declaration that the Agreement was currently in effect and enforceable. In February 2022 the court granted the Commerce District’s motion for judgment on the pleadings, ruling that the Agreement was invalid because it had a term longer than 50 years and it was not a contract related to services or property, in effect simply a tax sharing agreement, and as such violated the intergovernmental contract clause of the Georgia Constitution. The Jackson District appealed the decision to the Georgia Court of Appeals.

In February, 2023, the Georgia Court of Appeals reversed the decision of the Superior Court regarding whether the Agreement related to the provision of services on the grounds that the Commerce District should not have been granted judgment on the pleadings because the Jackson District had plead facts regarding whether the Agreement did in fact relate to educational services to be provided by the parties and if those facts could be proven at trial, the Agreement would not be void on the basis that it did not relate to services between the parties. As to the term of the Agreement issue, because the Jackson District had amended its complaint to claim it was entitled to reformation of the Agreement to shorten the term by one year and the Superior Court had not ruled on the

reformation issue, the Court of Appeals did not rule on the term issue. As a result of the decision of the Court of Appeals, the declaratory judgment action is still pending in the Jackson County Superior Court.

During 2023 and 2024 the parties engaged in discovery, taking depositions of individual representatives of each of the districts. The Commerce District anticipates filing by the end of 2024 a motion for summary judgment on the basis that the Agreement is void because it has a term of more than 50 years in violation of the intergovernmental contract clause and that the Agreement cannot be reformed. The Superior Court is expected to rule on this motion in the Spring of 2025. The Commerce District’s attorney believes that there is a high likelihood that the motion will be granted.

If the motion is not granted, the Commerce District’s attorney believes that the Commerce District will be successful as to its claim that the SK Battery facilities are exempt property under the PILOT Agreement and that the payments under the PILOT Agreement are not ad valorem tax payments and consequently the Commerce District’s “per pupil tax base” is not greater than that of the Jackson District. If successful as to this claim, based on the current “per pupil tax bases” of the parties, the Commerce District will not owe the Jackson District any portion of the Commerce District’s ad valorem taxes.

The Commerce District intends to continue vigorously defending the lawsuit. If the Commerce District is found to be liable for payments to the Jackson District in the lawsuit, such possible outcome will not affect the Commerce District’s legal obligation under the Intergovernmental Installment Sale Agreement with the Issuer requiring the Commerce District to levy ad valorem taxes to pay the Installment Sale Agreement Payments in amounts sufficient to enable the Issuer to pay the debt service on the Bonds. However, the payment of any liability as a result of the lawsuit could necessitate a levy of ad valorem taxes which could adversely affect the Commerce District’s ability, but not its power and obligation, to further levy such taxes to pay the Installment Sale Agreement Payments dedicated to the payment of debt service on the Bonds.

In addition, until this matter is resolved, the Commerce District has been keeping most of the monies paid it under the PILOT Agreement in reserve in the unlikely event it has to pay a significant portion of such monies to the Jackson District as a result of the lawsuit.

Payments in Lieu of Taxes

SK Battery America, Inc. (“SK Battery”) is a company specializing in the manufacture of lithium ion batteries that are used in electric vehicles, including those manufactured by Ford and Volkswagen. SK Battery has built two manufacturing facilities in the City of Commerce (the “City”) which have created approximately 2600 jobs in the City. In exchange for SK Battery’s job creation and significant investment in the City, the Jackson County Development Authority (the “Development Authority”), Jackson County (the “County”), and the City, and have agreed, pursuant to an intergovernmental agreement, that SK Battery shall remit reduced payments to the District, the City and the County in lieu of paying ad valorem property taxes at the regular rates for a 20 year term which began in 2020. The payments are made by SK Battery to the Development Authority and then distributed by the Development Authority, with 59.7% of the payment distributed to the District, 10.8% distributed to the City, and 29.5% distributed to the County. The District allocates these revenues as it would revenues generated by ad valorem taxes. The District is scheduled to receive payments from SK Battery in the years and amounts that follow:

<u>Fiscal Year</u>	<u>Payment in Lieu of Taxes</u>	<u>Fiscal Year</u>	<u>Payment in Lieu of Taxes</u>
2020	\$ 258,276 (paid)	2030	\$ 8,270,054
2021	1,154,775 (paid)	2031	8,380,171
2022	1,742,754 (paid)	2032	8,556,063
2023	11,737,682 (paid)	2033	8,781,066
2024	9,258,660 (paid)	2034	8,781,066
2025	9,333,257	2035	9,229,296
2026	9,020,393	2036	9,453,630
2027	8,812,739	2037	9,677,211
2028	8,391,470	2038	9,899,265

SALES AND USE TAX

Description

Georgia law authorizes the Board in concert with other school districts and independent school systems in Jackson County, to by resolution impose, levy, and collect a sales and use tax for educational purposes at the rate of one percent and for a period of time not to exceed five years, conditioned upon approval by a majority of the qualified voters of Jackson County voting in a referendum thereon. Pursuant to an amendment to the Constitution of the State of Georgia ratified on November 6, 2018 and the laws of the State of Georgia, including Article 3 of the Sales Tax Act (O.C.G.A. Section 48-8-140, et seq., as amended), the proceeds of the such sales and use tax will be divided pro rata based upon applicable student enrollment, among the District, the Jackson County School District and the City of Jefferson School District, which comprise all of the school districts and independent school systems located in Jackson County.

A sales and use tax for educational purposes of the District (the “First Sales Tax”) was authorized to be imposed pursuant to an election in Jackson County held on March 18, 1997, called under a resolution adopted by the Board on January 13, 1997 and under concurrent resolutions of the Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The First Sales Tax began to be imposed on July 1, 1997, and ceased to be imposed on March 31, 2002. A sales and use tax for educational purposes of the District (the “Second Sales Tax”) was authorized to be reimposed pursuant to an election in Jackson County held on September 18, 2001, called under a resolution adopted by the Board and under concurrent resolutions of Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The Second Sales Tax began to be imposed on April 1, 2002, and ceased to be imposed on March 31, 2007. A sales and use tax for educational purposes of the District (the “Third Sales Tax”) was authorized to be reimposed pursuant to an election in Jackson County held on September 19, 2006, called under a resolution adopted by the Board and under concurrent resolutions of Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The Third Sales Tax began to be imposed on April 1, 2007, and ceased to be imposed on March 31, 2012. A sales and use tax for educational purposes of the District (the “Fourth Sales Tax”) was authorized to be reimposed pursuant to an election in Jackson County held on March 15, 2011, called under resolution adopted by the Board concurrent resolutions of Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The Fourth Sales Tax began to be imposed on April 1, 2012, and ceased to be imposed on March 31, 2017. A sales and use tax for educational purposes of the District (the “Fifth Sales Tax”) was authorized to be reimposed pursuant to an election in Jackson County held on March 1, 2016, called under a resolution adopted on November 9, 2015 by the Board and under concurrent resolutions of Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The Fifth Sales Tax began to be imposed on April 1, 2017, and ceased to be imposed on March 31, 2022.

A sales and use tax for educational purposes of the District (the “Sales Tax”) was authorized to be reimposed pursuant to an election in Jackson County held on March 16, 2021, called under a resolution adopted on by the Board and under concurrent resolutions of Board of Education of the Jackson County and the Board of Education of the City of Jefferson. The resolution calling the election and the notice of the election authorized the reimposition of the Sales Tax for a maximum period of time of 20 calendar quarters for the purposes of raising not more than \$100,000,000 of net proceeds.

The Sales Tax began to be imposed on April 1, 2022, and will cease to imposed on the earlier of (1) March 31, 2027 or (2) the end of the calendar quarter during which the Revenue Commissioner determines that the Sales Tax has raised revenues sufficient to provide all the school districts located in Jackson County combined total net proceeds of \$100,000,000.

The canvass of the election showed 1,252 “Yes” votes and 215 “No” votes, an approximately 85% approval by those who voted in the election.

Sales Subject to Taxation

The Sales Tax is imposed on the retail purchase, retail sale, rental, storage, use, or consumption of tangible personal property and on services within Jackson County, subject to numerous exemptions, including sales to certain governmental entities and to certain non-profit organizations, professional, insurance, and personal service transactions, sales of certain agricultural products, sales to and by certain agricultural enterprises, sales of certain

types of manufacturing equipment, the sale or use of certain types of industrial materials, and sales of prescription drugs, certain medical devices and equipment, and lottery tickets.

Sales Tax Collections

The Sales Tax is generally imposed on the purchaser of tangible personal property or services and is generally collected by the seller of tangible personal property or services from the purchaser at the time of sale. Sellers of tangible personal property or services is generally required to file tax returns with the Revenue Commissioner on or before the 20th day of each month, showing taxable sales during the preceding calendar month, and to remit the Sales Tax shown due on the return with the return. Sellers of tangible personal property or services are allowed the following deductions from Sales Taxes timely remitted to the Revenue Commissioner: (1) 3 percent of the first \$3,000 of Sales Tax reported due on each monthly return (other than Sales Tax on motor fuel), (2) 0.50 percent of Sales Tax in excess of \$3,000 reported due on each monthly return (other than Sales Tax on motor fuel), and (3) 3 percent of Sales Tax on motor fuel reported due on each monthly return. When any seller fails to make any return or to pay the full amount of the Sales Tax, there is imposed a penalty to be added to the Sales Tax in the amount of 5 percent or \$5.00, whichever is greater, if the failure is for not more than 30 days and an additional 5 percent or \$5.00, whichever is greater, for each additional 30 days or fraction of 30 days during which the failure continues. The penalty for any single violation does exceed 25 percent or \$25.00 in the aggregate, whichever is greater.

Permitted Uses

Georgia law provides that the District’s share of the Sales Tax shall be exclusively administered and collected by the Revenue Commissioner for the use and benefit of the District. The District’s share of proceeds of the Sales Tax collected by the Revenue Commissioner must be disbursed to the District as soon as practicable after collection, after deducting one percent of the amount collected for the state treasury in order to defray the costs of administration.

Georgia law provides that the District’s share of the proceeds received from the Sales Tax shall be used by the District exclusively for the purpose or purposes specified in the resolution calling for reimposition of the Sales Tax. Such proceeds are required by Georgia law to be kept in a separate account from other funds of the District and may not in any manner be commingled with other funds of the District prior to expenditure.

Historical Sales Tax Data

Set forth below are the net proceeds of the District’s share of the sales and use taxes received by the District beginning with calendar year 2013 and through calendar year 2023, and for the 9 months ended September, 2024.

<u>Year Ended December 31</u>	<u>Existing Sales Tax Collections¹</u>
2024 ²	\$2,297,226
2023	2,719,148
2022	3,609,136
2021	2,320,696
2020	1,869,623
2019	1,676,247
2018	1,486,176
2017	1,396,578
2016	1,274,168
2015	1,216,500
2014	1,226,184
2013	1,154,385

¹ Net of deductions allowed to dealers and net of commission allowed to the Revenue Commissioner.

² 9 months ended September, 2024.

Source: State of Georgia Department of Revenue

Recent Sales Tax Legislation

House Bill 276 (“HB 276”) was passed by both houses of the Georgia General Assembly on January 16, 2020, following reconciliation in conference committee. The Governor of Georgia signed the legislation on January 30, 2020. HB 276 requires “marketplace facilitators” to collect and remit sales tax on behalf of marketplace sellers. Under HB 276 a marketplace facilitator is a person that is paid by a seller to facilitate a retail sale by providing a way for sellers to connect with customers and facilitates payment for the retail sale. Marketplace facilitators are required to collect and remit sales tax to the state of Georgia if the total number of retail sales facilitated on behalf of various sellers meets or exceeds \$100,000. Popular online shopping destinations that would be subject to HB 276 include Amazon, Google, and eBay. HB 276 took effect on April 1, 2020. HB 276 is likely to have a positive impact on the District’s sales tax revenues, but the extent of such impact is presently unknown.

Ride sharing companies, such as Uber and Lyft, which connect drivers with riders and facilitate payment for the car ride, are considered marketplace facilitators under HB 276. House Bill 105 (“HB 105”) would exempt ride sharing companies from the requirements of HB 276 and instead necessitate that ride sharing companies collect and remit a flat sales tax of \$0.50 per ride. Currently, HB 105 has passed both houses of the Georgia General Assembly and has been transmitted to the Governor for signature. If HB 105 becomes effective it will reduce the amount of sales tax collected and remitted by ride sharing companies from the amount they are currently required to collect under HB 276. However, prior to HB 276 becoming effective on April 1, 2020 ride sharing companies did not collect sales tax, so the reduction will likely have very little impact on the District.

After passing in both houses of the Georgia General Assembly, the Transportation Funding Act of 2015 or House Bill 170 (“HB 170”) was signed in to law by the Governor of Georgia on May 4, 2015. HB 170 allows cities, counties and schools, by referendum, to continue to collect all local sales taxes, at their current 1% rate, on the sale of motor fuel, except that, beginning July 1, 2015 of this year, local sales taxes may only be collected on the sale of motor fuel up to \$3.00 per gallon. Any retail price above \$3.00 per gallon will not be subject to any local sales taxes. While HB 170 phases out the State’s 4% tax on gas, it raises the excise tax to 26 cents per gallon of gasoline, the collection of which will be dedicated to transportation funding. HB 170 authorizes a designated region to self-start the process for the collection of a transportation special purpose local option sales tax (“TSPLOST”) for transportation purposes by adopting a resolution from a majority of the counties located within the region and allows for the rate to be a fractional rate of 0.05% up to a maximum rate of 1%. Beginning in July of 2017, any county not currently in a designated region, may impose a single county TSPLOST at a fractional rate of 0.05% up to a maximum rate of 1% for a period not to exceed five years. Those counties in the metro Atlanta region, may impose the single county TSPLOST beginning in July 2015. There can be no assurance that the cap on collection of sales tax above the \$3.00 per gallon of motor fuel will not have a significant adverse impact on the District’s tax revenues in current and future years.

DISTRICT FINANCIAL INFORMATION

Accounting System and Policies

The accounting practices and policies of the District conform to generally accepted accounting principles as applied to governments, except as described below. The District’s accounting system is organized and operated on a fund basis. The District’s funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District’s primary fund is the General Fund, which contains all District revenues except those which are specifically allocated for other purposes. The District may appropriate money from the General Fund for all ordinary District expenses.

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

The District reports the following major governmental funds:

- (1) The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those resources required to be accounted for in another fund.
- (2) The Capital Projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets
- (3) The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The District reports the following fiduciary fund types:

- (1) Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.

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

In fiscal year 2019, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District included additional information in the long-term liabilities note disclosure of the financial statements of the District included as **Appendix A-1**.

Note 2 of the financial statements of the District included as **Appendix A-1** contains a detailed discussion of the District's significant accounting policies

Five Year General Fund History

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the District's General Fund for the past five fiscal years. Information in the following table for fiscal years 2019 to 2022 has been extracted from audited financial statements of the District for the years ended June 30, 2019 to 2022. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the District for the fiscal years shown. Information on the following table for fiscal year 2023 is unaudited, because the State of Georgia Department of Audits has not yet completed its audit of the District's financial statements and has not prepared the audited financial statements for the District for fiscal year 2023 as of the date hereof. For more complete information, reference is made to the audited financial statements for fiscal years 2019 to 2022, copies of which are available from the District upon request. In addition, the audited financial statements of the District for fiscal year 2022 are attached hereto as **Appendix A** and the unaudited financial statements for the District for fiscal year 2023 are attached hereto as **Appendix A-1**.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

	Years Ended June 30				
	2019	2020	2021	2022	2023
	(audited)	(audited)	(audited)	(audited)	(unaudited)
Revenues					
Property Taxes	\$ 3,402,672.61	\$ 3,991,325.78 ¹	\$ 4,985,457 ¹	\$6,760,966.01 ¹	\$17,353,298.44 ¹
Other Taxes	--	--	564,084	--	--
Sales Taxes	40,094.72	58,861.49	61,515	102,777.35	41,608.99
State Funds	12,449,693.27	13,566,447.31	13,144,660	14,661,126.42	15,550,517.75
Federal Funds	1,581,929.49	1,321,393.67	2,631,522	4,627,949.75	3,707,768.95
Charges for Services	431,535.62	372,018.33	100,678	500,007.40	559,142.78
Investment Earnings	42,775.00	23,614.45	2,381	12,619.70	419,560.75
Miscellaneous	<u>643,520.12</u>	<u>411,016.57</u>	<u>494,494</u>	<u>970,625.76</u>	<u>1,047,841.72</u>
Total Revenues	\$18,592,221.53	\$19,744,677.60	\$21,984,821	\$27,636,072.39	\$38,679,739.38
Expenditures					
Current					
Instruction	\$11,839,986.07	\$12,050,249.76	\$ 12,170,954	\$14,128,952.17	\$14,706,179.65
Support Services					
Pupil Services	464,945.10	671,519.38	765,080	969,289.58	1,480,813.46
Improvement of Instructional Services	291,090.65	455,290.41	547,575	658,854.15	841,727.38
Educational Media Services	356,107.59	377,808.85	366,105	402,375.24	420,675.78
General/School Administration	466,249.27	454,560.67	549,512	612,377.18	601,896.00
School Administration	1,212,838.59	1,219,159.56	1,126,316	1,346,189.46	1,459,495.16
Business Administration/Services	228,147.40	188,174.64	177,501	214,248.15	169,088.25
Maintenance and Operation of Plant/Facilities	1,436,404.50	1,424,084.05	1,447,215	1,713,691.86	1,893,652.68
Student Transportation Services	495,996.54	533,970.80	516,878	639,571.63	599,732.26
Central Support Services	2,000.00	5,125.00	4,056	--	--
Other Support Services	15,502.95	22,411.21	27,153	20,557.23	12,941.14
Enterprise Operations	461,244.08	386,380.26	175,141	980,585.49	795,658.77
Food Services Operation/School Nutrition	1,129,753.27	1,108,052.89	1,226,974	1,502,755.62	1,459,188.73
Capital Outlay	--	3,087.00	--	535,816.35	921,797.07
Debt Service					
Principal	20,200.00	5,162.53	12,951	--	--
Interest	1,713.92	279.27	892	--	--
Total Expenditures	<u>\$18,422,179.93</u>	<u>\$18,905,316.28</u>	<u>\$19,114,303</u>	<u>\$23,725,264.11</u>	<u>\$25,362,846.33</u>
Excess of Revenue Over (Under) Expenditures	\$ 170,041.60	\$ 839,361.32	\$ 2,870,518	\$ 3,910,808.28	\$13,316,893.05
Other Financing Sources (Uses)					
Capital Leases	--	--	--	--	--
Operating Transfers In	310.59	--	--	--	--
Operating Transfers Out	(120,000.00)	(120,000.00)	(49,500)	(1,099,437.41)	(1,227,923.44)
Total Other Financing Sources (Uses)	\$ 119,689.41	(120,000.00)	(49,500)	(1,099,437.41)	(1,227,923.44)
Net Change in Fund Balance	\$ 50,352.19	\$ 719,361.32	\$ 2,821,018	\$2,811,370.87	12,088,969.61
Fund Balance - Beginning	\$ 2,580,945.32	\$ 2,631,297.51	\$3,369,186	\$6,190,204.00	9,001,574.48
Fund Balance - Ending	<u>\$ 2,631,297.51</u>	<u>\$ 3,350,658.83</u>	<u>\$6,190,204</u>	<u>\$9,001,574.87</u>	<u>\$21,090,544.48</u>

¹ Includes PILOT Agreement payments from SK Battery.

Management Comments Concerning Material Trends in Revenues and Expenditures

Key financial highlights for the fiscal year 2023 are as follows:

- The District had \$25.4 million in general fund expenses for fiscal year ended June 30, 2023 relating to governmental activities. Revenues totaling \$38.7 million for 2023 were adequate to provide for these programs.
- General revenues (primarily property and sales taxes) accounted for \$17.4 million or 45% of all revenues totaling \$38.7 million for fiscal year 2023. Program specific revenues in the form of charges for services, grants and contribution accounted for the rest.

The District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$42.1 million and total expenditures of \$28.2 million for fiscal year 2023.

The District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2023, the District amended its general fund budget as needed.

In fiscal year 2023 the General Fund had revenues totaling \$38.7 million, and such revenues exceeded expenditures by \$13.3 million for such fiscal year. General fund revenues exceeded expenditures and other financing uses by \$12.1 million for fiscal year 2023.

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations are as follows:

- The District is financially stable. The District's operating millage for fiscal year 2023 was 16.928, which produced almost \$304,408 per mill.
- Locally, the value of the ad valorem tax digest increased in 2022. The 2022 tax digest that was used in the development of the fiscal year 2023 budget increased 17.4%.
- The District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues, anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education and collections from the Education Special Purpose Local Option Sales Tax. The District regularly monitors anticipated capital outlay needs.

See the unaudited financial statements of the District for fiscal year 2023 attached hereto as **Appendix A-1** and the District's fiscal year 2024 and 2025 budgets on the following page for more complete financial information about the District.

Budgetary Process

The District's budget is a complete financial plan for the District's fiscal year and is based upon estimates of expenditures together with probable funding sources. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared by fund, function and object. The legal level of budget control was established by the District at the aggregate level. The budget for governmental funds was prepared on a basis other than generally accepted accounting principles.

The budget process begins when the District’s administrative staff prepares a tentative budget for the Board’s approval. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality. At the next regular meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, O.C.G.A. Section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

Budget

Set forth below is a summary of the District’s adopted general fund budgets for the years ending June 30, 2024 and June 30, 2025. Also set forth below are the actual results for the District’s general fund for fiscal year 2024. The budgets are based upon certain assumptions and estimates of the District regarding future events, transactions, and circumstances. Realization of the results projected in the budgets will depend upon implementation by management of the District of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budgets set forth below.

SCHOOL DISTRICT OF THE CITY OF COMMERCE
General Fund Budgets for Fiscal Years Ending June 30, 2024 and 2025
(Non-GAAP Budgetary Basis of Accounting)

	2024 <u>Budget</u>	2024 Actual (Unaudited)	2025 <u>Budget</u>
<u>Revenues</u>			
Local Taxes	\$ 5,550,000 ¹	\$ 6,662,189 ¹	\$ 6,560,000 ¹
Other Local Sources	165,000	424,598	354,000
State Sources	<u>13,969,547</u>	<u>15,286,312</u>	<u>14,736,792</u>
Total Revenues	\$19,684,547	\$22,373,099	\$21,650,792
<u>Expenditures</u>			
Instruction	\$14,746,413	\$14,990,154	\$16,151,233
Pupil Services	1,376,866	1,170,392	1,620,961
Improvement of Instruction	838,265	794,403	825,600
Instructional – Staff Training	--	47,889	40,000
Educational Media Services	450,549	442,610	445,562
General Administration	667,352	721,791	767,727
School Administration	1,722,230	1,462,283	1,635,690
Business Administration	249,976	261,940	253,223
Maintenance & Operation of Plant	1,693,134	2,360,645	2,008,506
Student Transportation Services	724,298	943,709	1,000,517
Other Support Services	15,500	12,644	14,000
School Nutrition	<u>35,186</u>	<u>88,513</u>	<u>51,085</u>
Total Expenditures	\$22,519,769	\$23,296,972	\$24,814,104
Excess Revenue Over (Under)			
Expenditures	(\$ 2,835,222)	(\$ 923,873)	(\$ 3,163,312)
Beginning Fund Balance	\$21,090,544 ²	\$21,090,544 ²	\$ 20,166,671 ²
Ending Fund Balance	\$18,255,322 ²	\$20,166,671 ²	\$ 17,003,359 ²

¹ Does not include PILOT Agreement payment from SK Battery. See “DISTRICT AD VALOREM TAXATION – Payments in Lieu of Taxes.

² Includes PILOT Agreement payments from SK Battery in fiscal years 2020 - 2023.

Employee Benefits

Substantially all of the teachers and the administrative and clerical personnel of the District are covered by the Teachers Retirement System of Georgia, a cost-sharing, multiple-employer defined benefit plan and a qualified excess benefit plan (collectively, the “TRS Plans”) administered by the State of Georgia for the benefit of education personnel. The District has no liability under the TRS Plans except for contributions established and made each year. The TRS Plans provide service retirement, disability retirement, and survivor’s benefits. The benefit structure of the TRS Plans are defined and may be amended by Georgia statutory law. A member 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. A member is eligible for early retirement after 25 years of creditable service. Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member’s two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Death, disability and spousal benefits are also available. The TRS Plans are funded by member and employer contributions. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member’s contributions may be refunded with interest. Employees were required to contribute 6.00% of their annual pay during fiscal year 2023. The District’s contributions for the current fiscal year and the preceding two fiscal years are as follows: fiscal year 2023 - \$2,251,132.83, fiscal year 2022 - \$2,072,181.88, and fiscal year 2021 - \$1,737,314.00. Reference is made to Note 12 of the unaudited financial statements of the District included as **Appendix A-1** for further information concerning the TRS Plans.

At June 30, 2023, the District reported a liability of \$24,917,663.00 for its proportionate share of the Net Pension Liability for the TRS Plans. The Net Pension Liability reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the Net Pension Liability, the related State of Georgia support, and the total portion of the Net Pension Liability that was associated with the District were as follows:

District’s proportionate share of the TRS Plans Net Pension Liability	\$24,917,663.00
State of Georgia’s proportionate share of the TRS Plans Net Pension Liability associated with the District	<u>299,391.00</u>
Total	\$25,217,054.00

The Net Pension Liability was measured as of June 30, 2022. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District’s proportion of the Net Pension Liability was based on contributions to the TRS Plans during the fiscal year ended June 30, 2022. At June 30, 2022, the District’s TRS Plans proportion was 0.076736%, which was an increase of 0.007538% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,103,261.88 for the TRS Plans. Revenue support of \$32,914.00 for the TRS Plans was provided by the State of Georgia. For the TRS Plans, the State of Georgia support is provided only for certain support personnel.

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employees’ Retirement System of Georgia, which provides a supplemental retirement (the “PSERS Plan”) for these employees. The PSERS Plan is funded by contributions by the employees and by the State of Georgia. The District makes no contribution to this plan. Employees covered by the PSERS Plan who became members prior to July 1, 2012 are required to contribute \$4 per month to the plan for nine months each fiscal year. Employees covered by the plan who became members on or after July 1, 2012 are required to contribute \$10 per month for nine months each fiscal year. The District deducts the required payments from the employees’ salaries. Upon retirement the employee will receive a monthly benefit equal to \$15.75, multiplied by the number of years of creditable service. See Note 12 of the unaudited financial statements of the District included as **Appendix A-1** for further information concerning the PSERS Plan.

At June 30, 2023, the District did not have a PSERS Plan liability for a proportionate share of the Net Pension Liability because of a special funding situation with the State of Georgia, which is responsible for the Net Pension

Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the District is \$171,534.00.

The PSERS Plan Net Pension Liability was measured as of June 30, 2022. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$43,106.00 for the PSERS Plan. Revenue support of \$43,106.00 for the PSERS Plan was provided by the State of Georgia.

The District contributes to the Georgia School Personnel Post-Employment Health Benefit Fund (The "School OPEB Fund"), a healthcare plan administered by the State Department of Community Health. The School OPEB Fund is a cost sharing multiple employer defined benefit healthcare plan that covers eligible active and former employees of public school systems, libraries and regional educational service agencies and their qualified beneficiaries. The contribution requirements of plan members and participating employers, like the District, are established by the State Board of Community Health in accordance with the annual appropriations act adopted by the State, and may be amended by the Board. Contributions by plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage and Medicare eligibility and election. The District is statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rate is established to fund both the active and retired employee health insurance plans based on projected "pay-as-you-go" financing requirements. The District pays from its own revenues the contributions for its active employees, but not for its retired employees. The District's combined active and retiree contributions to the health insurance plans, which equaled 100% of the required contributions in each of fiscal years 2021, 2022, and 2023 were as follows: fiscal year 2023 - \$410,828.00, fiscal year 2022 - \$371,642.00, and fiscal year 2021 - \$352,052.00.

At June 30, 2023, the District reported a liability of \$10,178,887.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021.

See Note 11 to the unaudited financial statements attached as **Appendix A-1** hereto for more information concerning the District's participation in the healthcare plan.

All of the District's 12-month employees earn 10 days per year of paid annual leave (vacation) if they have been employed for one year or more. District employees who work less than 12 months per year do not earn paid vacation time. All of the District's 10-month to 12-month employees earn 1.25 days of sick and personal leave each month. Up to 10 days of vacation leave vests with District employees who earn such leave. Sick leave and personal leave does not vest with the employee; unused sick and personal leave is forfeited upon retirement or termination of employment.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the District, except for actions for the breach of written contracts and actions for the recovery of damages for any claim for which automobile liability insurance protection has been provided, but only to the extent of the liability insurance provided. The District, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the District in the exercise of its delegated powers.

The District carries liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity. The District also carries property and casualty damage insurance on buildings and other physical assets.

Present insurance coverage of the District is summarized below:

<u>Type</u>	<u>Amount in Force</u>
Property	\$54,209,784
Fidelity/Blanket Bond & Superintendent Bond	\$100,000

	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
General Liability	\$1,000,000	\$2,000,000
Automobile Liability	\$1,000,000	\$1,000,000
Workers' Compensation	Statutory	Statutory

The District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

The District is self-insured with regard to unemployment compensation claims. The District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The District has not experienced any liabilities for unemployment compensation during the last two fiscal years.

Reference is made to Note 9 of the District's unaudited financial statements included as **Appendix A-1** for a discussion of the District's risk management program.

THE CITY OF COMMERCE

Introduction

The City of Commerce (the "City") is a municipality located in Jackson County, Georgia (the "County"), a political subdivision created and existing under the laws of the State of Georgia. The community was named for its early economic activity as a cotton market. The County is located 48 miles northeast of the City of Atlanta, Georgia. Jefferson serves as the County seat, and there are seven municipalities in addition to the City of Commerce: Arcade, Braselton, Hoschton, Maysville, Nicholson, Pendergrass and Talmo. The County has a land area of approximately 342 square miles. The City of Commerce has a land area of 8.30 miles and its estimated population as of July 1, 2023 was 8,287. Because of its size, community, economic and demographic information regarding the City is limited. In order to provide a better representation of the City and its surrounding area, community, economic and demographic information relating to the County is included in this discussion.

The City is governed by, and generally acts through, its city council consisting of a mayor, a mayor pro-tem, and five additional council members, each representing a separate ward. The five additional council members are elected to serve four year terms. The mayor and mayor pro-tem are elected at-large and serve four year terms. Information concerning the current council is set forth below:

<u>Name</u>	<u>Expiration of Term of Office</u>	<u>Occupation</u>
J. Clark Hill, III, <i>Mayor</i>	December 31, 2028	Medical doctor
Keith Burchett, <i>Mayor Pro-Tem</i>	December 31, 2025	Business owner
Darren Owensby	December 31, 2025	Employed by Southeast Toyota
Andre Rollins	December 31, 2025	Retired
Mark Fitzpatrick	December 31, 2025	Network technician
Bobby Redmon	December 31, 2028	Construction superintendent
Roshuanda Merritt	December 31, 2028	Administration, Athens Boys & Girls Club

Population

Annual estimates of population are produced by the U.S. Census Bureau (the “Bureau”) for the nation, its states, counties, cities, and towns. The annual time series of estimates begins with the most recent decennial census data and extends to the vintage year (2023). All estimates set forth below are from vintage year 2023. Data for 2020 is from the 2020 Census.

<u>Year</u> ¹	<u>City of Commerce</u>	<u>Jackson County</u>	<u>State of Georgia</u>	<u>United States</u>
2023 ³	8,287	88,615	11,029,227	334,914,895
2022 ²	7,731	84,009	10,912,876	333,287,557
2021	7,643	80,374	10,799,566	331,893,745
2020	7,387	75,907	10,711,908	331,449,281

¹ As of July 1 of the years indicated.

² Jackson County is one of 159 counties in Georgia. Based on 2022 population estimates, Jackson County was the 31st most populous county in the State of Georgia.

³ 2020 census data reflects an increase in the population of U.S. metro areas compared to a decade ago. 2020 population data for Jackson County and the City of Commerce reflect this increase. According to the 2020 census, Jackson County’s population increased from 60,485 in 2010 to 75,907 in 2020, representing a 25% increase. Population in the City of Commerce increased from 6,544 in 2010 to 7,387 in 2020, representing an 8.43% increase.

Source: United States Census Bureau

Per Capita Personal Income

The following table compares per capita personal income in Jackson County with that of the State of Georgia and the United States for the time periods indicated. The 2022 PCPI was 97% of the state average (\$56,589), and 83.8% of the national average (\$65,470). The 2022 PCIP reflects an increase of 5.6% from 2021. The 2021-2022 state change was 0.7% and the national change for the same period was 1.6%.

<u>Year</u>	<u>Jackson County</u>	<u>State of Georgia</u>	<u>United States</u>
2022 ¹	\$54,880	\$56,589	\$65,470
2021	49,063	55,786	64,143
2020	45,903	51,987	59,765
2019	43,508	48,236	56,490
2018	42,211	46,482	54,446

¹ Ranked 19th in the state (out of 159 counties).

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Information for 2022 is the latest information available at the county level.

Largest Employers

Set forth below are the top ten employers located in Jackson County in 2023, the industry or service provided by each, and the approximate number of people employed by each. There can be no assurance that any employers listed below will continue to be located in Jackson County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the employers listed below.

<u>Company</u>	<u>Industry or Service</u>	<u>Employees</u>
SK Battery America, Inc.	Electric vehicle (EV) battery manufacturing	3,000
HomeGoods	Distribution center - home furnishings	1,500
Bed Bath & Beyond, Inc.	Distribution center - home furnishings	1,300
Kubota Industrial Equipment Corp.	Manufacturing - farm machinery and equipment	1,200
Amazon.com, Inc. (2 locations)	Internet e-commerce/sales & distribution	1,700
Carter's Inc.	Distribution center – women's, children's and infant's clothing	900
TD Automotive Compressor Georgia	Manufacturing - air conditioning/heating/refrigeration equipment	800
Wayne Farms LLC	Poultry further processing	800
Toyota Industries	Manufacture of compressor parts	530
Mission Foods	Manufacture of tortillas and other Mexican foods	475

Source: Georgia Power Community and Economic Development (2023)

The following are among the largest public employers located in Jackson County and their approximate number of employees.

<u>Employer</u>	<u>Employees¹</u>	<u>As of:</u>
Jackson County School System	1,545	As of August, 2023
Jackson County Government	582 ¹	As of November 4, 2024
Jefferson City School System	485 ¹	Beginning of 2023-2024 school year
Commerce City School System	248 ²	Beginning of 2023-2024 school year

¹ Full and part-time employees.

² Full time employees.

Source: Human Resources Departments of the respective employers.

Labor Force Data

The following table reflects the labor force and employment in Jackson County and the unemployment rate for the County, the State of Georgia and the United States for the past five years.

	<u>2024¹</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Jackson County Labor Force	50,801	49,206	48,197	41,953	38,345	37,891
Jackson County Unemployment Rate	2.8%	2.1%	2.0%	2.5%	4.3%	2.8%
State Unemployment Rate	4.1%	3.2%	3.1%	3.9%	6.5%	3.6%
United States Unemployment Rate	4.4%	3.6%	3.6%	5.3%	8.1%	3.7%

¹ As of August, 2024; not seasonally adjusted.

Source: Georgia Department of Labor, Workforce Statistics Division, Local Area Unemployment Statistics Unit

Industry Mix

Set forth below is a list of major industries in Jackson County. These industry figures are for the 1st quarter of 202.

	<u>Industry Group</u>	<u>Establishments</u>	<u>Employees</u>
Manufacturing		110	9,045
Retail trade		251	5,075
Wholesale trade		116	2,895
Educational services		33	2,509
Accommodation and food services		142	2,155
Construction		280	1,615
Health care and social assistance		151	1,511
Public administration		28	1,211
Administrative, support and waste management		133	893
Professional, scientific and technical services		182	774

Source: Georgia Department of Labor.

Building Permits

The following table sets forth privately-owned residential and commercial building permits issued in the City of Commerce for the years 2019 through 2023.

<u>Year</u>	<u>Number of New Single Family Residential Permits</u>	<u>Total Estimated Value</u>	<u>Number of New Commercial Permits</u>	<u>Total Estimated Value</u>	<u>Number of New Industrial Permits</u>	<u>Total Estimated Value</u>
2023	48	\$14,710,635	8	\$3,233,754	12	\$ 52,282,606
2022	232	69,057,538	4	8,185,165	1	32,647,733
2021	75	19,517,861	6	10,506,107	16	32,129,410
2020	52	11,245,310	6	1,579,222	14	79,360,513
2019	88	11,719,943	3	4,514,882	19	138,914,372

Source: City of Commerce Planning and Development Department

Banking Deposits

Set forth below are total deposits in FDIC insured institutions operating in Jackson County at June 30 for the past five calendar years.

<u>Year</u>	<u>Total Deposits (\$000)</u>
2024	\$1,485,819
2023	1,091,344
2022	1,315,557
2021	1,482,013
2020	779,348

Source: FDIC.

According to the State of Georgia Department of Banking and Finance, as of June 30, 2024, there were ten (10) commercial banking institutions located in Jackson County with a total of fourteen (14) offices.

LEGAL MATTERS

Pending Litigation

The District, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation (not including the lawsuit described in the subsection above entitled “Litigation Regarding Ad Valorem Tax Sharing Agreement”) with its general counsel, Pereira, Kirby, Kinsinger & Nguyen, LLP, the District believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits (not including the lawsuit described in the subsection above entitled “Litigation Regarding Ad Valorem Tax Sharing Agreement”) which have been filed and of any actions or claims pending or threatened against the District or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the District. See “DISTRICT AD VALOREM TAXATION – Litigation Regarding Ad Valorem Tax Sharing Agreement” above for information about the litigation relating to the tax sharing agreement of the District.

There is no litigation now pending or, to the knowledge of the Issuer or the District, threatened against the Issuer or the District which restrains or enjoins the issuance or delivery of the Series 2024 Bonds, the provision of the security for the payment of the Series 2024 Bonds, or the use of the proceeds of the Series 2024 Bonds or which questions or contests the validity of the Series 2024 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, nor existence of the Issuer or the District, nor the title of the present members or other officials of the Issuer or the District to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Issuer, threatened which in any manner questions the right of the Issuer to enter into the Agreement, or to secure the Series 2024 Bonds. No litigation and no proceedings are pending against the District or its officials, or to their knowledge are threatened against them, which would affect the sale of the Series 2024 Bonds, the security therefor, or the ability of the District to enter into and perform its obligations under the Agreement.

Opinion of Bond Counsel

Legal matters incident to the authorization, validity, and issuance of the Series 2024 Bonds are subject to the unqualified approving opinion of Stewart, Melvin & Frost, LLP, Gainesville, Georgia, Bond Counsel, whose opinion will be available at the time of delivery of the Series 2024 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as **Appendix D**.

The Internal Revenue Code of 1986, as amended (the “Code”), contains a number of requirements and restrictions which apply to the Series 2024 Bonds. These include restrictions on investments, requirements for periodic payment of arbitrage profits to the United States, requirements regarding the use of Bond proceeds, and other restrictions and requirements. Failure to comply with certain of such requirements and restrictions may cause interest on the Series 2024 Bonds to become subject to federal income taxation, retroactive, in some cases, to the date of issuance of the Series 2024 Bonds.

In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds, including original issue discount, is excluded from gross income for federal income tax purposes. Moreover, in the opinion of Bond Counsel, interest on the Series 2024 Bonds is not a specific “item of tax preference” for purposes of the federal alternative minimum tax; provided however that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations, as defined in Section 59(k) of the Internal Revenue Code of 1986 (the “Code”), for the purpose of computing alternative minimum tax imposed on corporations. The foregoing opinions are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2024 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2024 Bonds.

In addition, in the opinion of Bond Counsel, the Issuer has duly designated the Series 2024 Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The District reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District and any issuer required to be aggregated with the District pursuant to Section

265(b)(3)(e) of the Code during the calendar year in which the Series 2024 Bonds are issued will not exceed \$10,000,000.

The Series 2024 Bonds maturing August 1, 20__ have been sold at initial public offering prices which are less than the amount payable at maturity (the “Discount Bonds”). In the opinion of Bond Counsel, under existing law, any original issue discount in the selling price of the Discount Bonds, to the extent allocable to each owner of such bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Discount Bonds was sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of the original issue discount that accrues to an owner of a discount bond who acquires such discount bond during any accrual period generally equals (i) the issue price of such discount bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such discount bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such discount bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner’s tax basis in a discount bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a discount bond would be treated as gain from the sale or exchange of such discount bond.

Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2024 Bonds.

In the further opinion of Bond Counsel, the interest on the Series 2024 Bonds is exempt from present State of Georgia income taxation. Bond Counsel has not opined as to whether interest on the Series 2024 Bonds is subject to state or local income taxation in jurisdictions other than Georgia; interest on the Series 2024 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each purchaser of the Series 2024 Bonds should consult its own tax advisor regarding the tax-exempt status of the interest on the Series 2024 Bonds in a particular state or local jurisdiction other than Georgia.

In concluding that interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, Bond Counsel will rely, as to questions of fact material to its opinion, upon certified proceedings and other certifications of public officials furnished to Bond Counsel, without undertaking to verify any of them by independent investigation. If certain of these items are incorrect, interest on the Series 2024 Bonds may become included in gross income for federal income tax purposes retroactive, in some cases, to the date of issuance of the Series 2024 Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2024 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2024 Bonds or the market value of the Series 2024 Bonds.

Purchasers of the Series 2024 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and purchasers of the Series 2024 Bonds at other than their

original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2024 Bonds ends with the issuance of the Series 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Series 2024 Bonds or the owners of the Series 2024 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Series 2024 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2024 Bonds.

Bond Premium

The Series 2024 Bonds maturing August 1, 20____ through August 1, 20____ (the "Premium Bonds") are being sold at prices in excess of the principal amount thereof. Under the Code, the excess of an owner's cost basis of a bond over the principal amount of such bond (other than a bond held as inventory, stock in trade, or for sale to customers in the ordinary course of business) is generally characterized as "bond premium." For federal income tax purposes, bond premium is amortized over the term of the related bond. An owner will therefore be required to decrease its basis in the Premium Bonds by the amount of amortizable bond premium attributable to each taxable year it holds the Premium Bonds. The amount of amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes; however, an owner is required to amortize bond premium by offsetting part of the interest allocable to an accrual period with the bond premium allocable to the accrual period. Purchasers of the Premium Bonds should consult their own tax advisers with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption, or other disposition of the Premium Bonds.

Collateral Federal Tax Consequences

Ownership of the Series 2024 Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain recipients of Social Security or railroad retirement benefits, foreign corporations operating branches in the United States, Subchapter S corporations, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds should consult their tax advisers as to the applicability of any such collateral federal tax consequences. In this respect, prospective purchasers of the Series 2024 Bonds should be aware of the following collateral federal tax consequences.

1. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2024 Bonds.
2. Property and casualty insurance companies are required to reduce the amount of their deductible underwriting losses by 15% of their amount of tax-exempt interest, including interest on the Series 2024 Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.
3. Certain recipients of Social Security benefits and railroad retirement benefits will be required to include a portion of such benefits within gross income by reason of receipt or accrual of interest on the Series 2024 Bonds.
4. For foreign corporations operating branches in the United States, Section 884 of the Code imposes a branch-level tax on certain earnings and profits. Interest on the Series 2024 Bonds may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

5. Passive investment income, including interest on the Series 2024 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

Validation Proceedings

The Series 2024 Bonds will be confirmed and validated by judgment of the Superior Court of Jackson County, expected to be entered on _____, 2024. Under Georgia law, the judgment of validation is forever conclusive with respect to the validity of the Series 2024 Bonds against the District.

Closing Certificates

At closing of the sale of the Series 2024 Bonds by the Underwriter, the District will deliver to the Underwriter a certificate (1) that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2024 Bonds or the levy and collection of an ad valorem tax to pay the Series 2024 Bonds or on the financial condition of the District and (2) that the information contained in this Official Statement does not contain any misstatement of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Ratings

S & P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC (S & P), has assigned a rating of "AA+" to the Series 2024 Bonds. The rating assigned by S & P is based on the understanding of the rating agency that the District will participate in the State of Georgia intercept program.

S & P has also assigned its underlying rating of "A+" to the Series 2024 Bonds. The underlying rating has been assigned without regard to the State of Georgia intercept program.

The ratings reflect only the views of the rating agency, and any desired explanation of the significance of the ratings should be obtained from the rating agency at the following address: S & P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that the ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Series 2024 Bonds.

Underwriting

The Series 2024 Bonds will be purchased for re-offering at negotiated sale by Raymond James & Associates, Inc. (the "Underwriter") from the Issuer at an aggregate purchase price of ____% of the principal amount of the Bonds, plus net original issue premium. The Underwriter will enter into a Bond Purchase Agreement which provides that the Underwriter will purchase all of the Series 2024 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2024 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2024 Bonds to the public initially at the offering prices/yields set forth on the cover page of this Official Statement, which offering prices/yields may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The offering prices/yields set forth on the cover page of this Official Statement average \$_____ per \$1,000 face amount of the Series 2024 Bonds in excess of the purchase price to be paid to the Issuer by the Underwriter. The Underwriter will receive no fee (other than the anticipated profits described in the preceding sentence) from the Issuer or the District for underwriting the Series 2024 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2024 Bonds. The Underwriter may

offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the public offering prices/yields set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2024 Bonds will be deducted from the Underwriter's underwriting profits.

Accounting Experts

The general purpose financial statements of the District as of June 30, 2022 and for the year then ended, attached hereto as **Appendix A**, have been audited by the State of Georgia Department of Audits, Atlanta, Georgia to the extent and for the period indicated in its report thereon, which appears in **Appendix A**. Such financial statements have been included herein in reliance upon the report of the State of Georgia Department of Audits, given upon the authority of such agency as experts in accounting and auditing. The State of Georgia Department of Audits stated in its audit report that it conducted its audit in accordance with generally accepted auditing standards. The State of Georgia Department of Audits, as a matter of policy, does not sign written consents to the inclusion of its audit reports in Official Statements and, pursuant to such policy, has not and will not sign a written consent to the inclusion of its audit report in **Appendix A** to this Official Statement. The State of Georgia Department of Audits could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of the District's general purpose financial statements.

Additional Information

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

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CERTIFICATION

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Issuer and the District. The contents of this Official Statement are the responsibility of the District, except that the Issuer is responsible for the statements contained under the caption "THE ISSUER" and the information with respect to the Issuer appearing under the caption "LEGAL MATTERS – Pending Litigation" herein, and, with the exception of the foregoing information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information contained herein.

**CITY OF COMMERCE PUBLIC FACILITIES
AUTHORITY**

By: _____
Chairman

SCHOOL DISTRICT OF THE CITY OF COMMERCE

By: _____
Chairman, Board of Education of the
City of Commerce

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2022**

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City of Commerce Board of Education-
Jackson County, Georgia
Annual Financial Report
For the Fiscal Year Ended
June 30, 2022
(Including Independent Auditor's Reports)

City of Commerce Board of Education

Table of Contents

Section I

Financial

Independent Auditor's Report

Exhibits

Basic Financial Statements

Government-Wide Financial Statements

A	Statement of Net Position	1
B	Statement of Activities	2

Fund Financial Statements

C	Balance Sheet	
	Governmental Funds	3
D	Reconciliation of the Governmental Funds Balance Sheet	
	to the Statement of Net Position	4
E	Statement of Revenues, Expenditures and Changes in Fund Balances	
	Governmental Funds	5
F	Reconciliation of the Governmental Funds Statement of	
	Revenues, Expenditures and Changes in Fund Balances	
	to the Statement of Activities	6
G	Statement of Fiduciary Net Position	
	Fiduciary Funds	7
H	Statement of Changes in Fiduciary Net Position	
	Fiduciary Funds	8
I	Notes to the Basic Financial Statements	10

Schedules

Required Supplementary Information

1	Schedule of Proportionate Share of the Net Pension Liability	
	Teachers Retirement System of Georgia	39
2	Schedule of Contributions – Teachers Retirement System of Georgia	40
3	Schedule of Proportionate Share of the Net Pension Liability	
	Public School Employees Retirement System of Georgia	41
4	Schedule of Proportionate Share of the Net OPEB Liability	
	School OPEB Fund	42

Required Supplementary Information (Continued)

5	Schedule of Contributions – School OPEB Fund	43
6	Notes to the Required Supplementary Information	44
7	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	45

Supplementary Information

8	Schedule of Expenditures of Federal Awards	46
9	Schedule of State Revenue	48
10	Schedule of Approved Local Option Sales Tax Projects	50

Section II

Compliance and Internal Control Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Section IV

Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Section I

Financial



INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Joy Tolbert, Superintendent and Members of the
City of Commerce Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary activities of the City of Commerce Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and fiduciary activities of the School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor

October 10, 2023

City of Commerce Board of Education

CITY OF COMMERCE BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	12,491,311.71
Accounts Receivable, Net		
Interest		1,028.82
Taxes		420,434.07
State Government		1,600,289.45
Federal Government		925,197.73
Inventories		49,245.12
Intangible Right-to-Use Assets (Net of Amortization)		420,548.58
Capital Assets, Non-Depreciable		3,606,129.50
Capital Assets, Depreciable (Net of Accumulated Depreciation)		26,389,819.80
Total Assets		45,904,004.78
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Debt Refunding		491,367.82
Related to Defined Benefit Pension Plan		5,036,918.88
Related to OPEB Plan		3,289,424.00
Total Deferred Outflows of Resources		8,817,710.70
 <u>LIABILITIES</u>		
Accounts Payable		251,024.33
Salaries and Benefits Payable		2,322,160.98
Interest Payable		178,220.56
Contracts Payable		199,976.00
Retainages Payable		18,416.00
Net Pension Liability		6,120,102.00
Net OPEB Liability		10,250,512.00
Long-Term Liabilities		
Due Within One Year		1,619,628.44
Due in More Than One Year		11,693,272.56
Total Liabilities		32,653,312.87
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plan		9,319,383.00
Related to OPEB Plan		5,533,040.00
Total Deferred Inflows of Resources		14,852,423.00
 <u>NET POSITION</u>		
Net Investment in Capital Assets		17,376,572.70
Restricted for		
Continuation of Federal Programs		500,378.54
Debt Service		1,135,778.00
Capital Projects		2,341,248.00
Unrestricted (Deficit)		(14,137,997.63)
Total Net Position	\$	7,215,979.61

CITY OF COMMERCE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 13,406,694.69	\$ 390,814.85	\$ 11,551,618.16	\$ -	\$ (1,464,261.68)
Support Services					
Pupil Services	899,169.55	-	659,220.70	-	(239,948.85)
Improvement of Instructional Services	635,593.64	-	481,008.87	-	(154,584.77)
Educational Media Services	360,958.06	-	275,973.66	-	(84,984.40)
General Administration	586,396.56	-	177,296.75	-	(409,099.81)
School Administration	1,213,802.76	-	662,950.03	-	(550,852.73)
Business Administration	197,996.62	-	64,914.23	-	(133,082.39)
Maintenance and Operation of Plant	1,709,706.48	-	757,073.68	-	(952,632.80)
Student Transportation Services	548,343.68	-	153,756.55	77,220.00	(317,367.13)
Other Support Services	20,557.23	-	-	-	(20,557.23)
Operations of Non-Instructional Services					
Enterprise Operations	980,495.49	-	-	-	(980,495.49)
Food Services	1,437,755.68	109,192.55	1,786,615.70	-	458,052.57
Interest on Long-Term Debt	506,244.94	-	-	-	(506,244.94)
Total Governmental Activities	\$ 22,503,715.38	\$ 500,007.40	\$ 16,570,428.33	\$ 77,220.00	(5,356,059.65)
General Revenues					
Taxes					
Property Taxes					
					6,712,281.17
					464,405.12
Sales Taxes					
					2,667,039.42
					119,545.25
Grants and Contributions not Restricted to Specific Programs					
					2,574,215.00
Investment Earnings					
					22,736.54
Miscellaneous					
					970,625.76
					<u>13,530,848.26</u>
					8,174,788.61
					(958,809.00)
					<u>\$ 7,215,979.61</u>

CITY OF COMMERCE BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 9,073,188.38	\$ 2,590,296.07	\$ 827,827.26	\$ 12,491,311.71
Accounts Receivable, Net				
Interest	-	1,028.82	-	1,028.82
Taxes	165,543.66	240,740.37	14,150.04	420,434.07
State Government	1,600,289.45	-	-	1,600,289.45
Federal Government	925,197.73	-	-	925,197.73
Inventories	49,245.12	-	-	49,245.12
Total Assets	\$ 11,813,464.34	\$ 2,832,065.26	\$ 841,977.30	\$ 15,487,506.90
LIABILITIES				
Accounts Payable	\$ 232,228.33	\$ 18,796.00	\$ -	\$ 251,024.33
Salaries and Benefits Payable	2,322,160.98	-	-	2,322,160.98
Contracts Payable	157,546.00	42,430.00	-	199,976.00
Retainages Payable	14,313.00	4,103.00	-	18,416.00
Total Liabilities	2,726,248.31	65,329.00	-	2,791,577.31
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	85,641.16	-	8,698.56	94,339.72
FUND BALANCES				
Nonspendable	49,245.12	-	-	49,245.12
Restricted	451,133.42	2,766,736.26	833,278.74	4,051,148.42
Assigned	322,917.90	-	-	322,917.90
Unassigned	8,178,278.43	-	-	8,178,278.43
Total Fund Balances	9,001,574.87	2,766,736.26	833,278.74	12,601,589.87
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,813,464.34	\$ 2,832,065.26	\$ 841,977.30	\$ 15,487,506.90

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	12,601,589.87
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 3,086,219.50	
Construction in progress	519,910.00	
Buildings and improvements	34,281,838.95	
Equipment	3,148,339.85	
Land improvements	2,221,807.17	
Accumulated depreciation	<u>(13,262,166.17)</u>	29,995,949.30
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Leased equipment	\$ 480,627.00	
Accumulated amortization - Right-to-use assets	<u>(60,078.42)</u>	420,548.58
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (6,120,102.00)	
Net OPEB liability	<u>(10,250,512.00)</u>	(16,370,614.00)
Deferred charges or credits on debt refundings are applicable to future periods and are therefore not reported in the funds and are amortized over the life of the new debt.		
		491,367.82
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$ (4,282,464.12)	
Related to OPEB	<u>(2,243,616.00)</u>	(6,526,080.12)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		94,339.72
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (11,705,000.00)	
Accrued interest payable	(178,220.56)	
Lease liability payable	(380,081.00)	
Unamortized bond premiums	<u>(1,227,820.00)</u>	(13,491,121.56)
Net position of governmental activities (Exhibit "A")	\$	<u><u>7,215,979.61</u></u>

CITY OF COMMERCE BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 6,760,966.01	\$ -	\$ 472,625.56	\$ 7,233,591.57
Sales Taxes	102,777.35	2,667,039.42	16,767.90	2,786,584.67
State Funds	14,661,126.42	-	-	14,661,126.42
Federal Funds	4,627,949.75	-	-	4,627,949.75
Charges for Services	500,007.40	-	-	500,007.40
Investment Earnings	12,619.70	9,936.67	180.17	22,736.54
Miscellaneous	970,625.76	-	-	970,625.76
Total Revenues	<u>27,636,072.39</u>	<u>2,676,976.09</u>	<u>489,573.63</u>	<u>30,802,622.11</u>
<u>EXPENDITURES</u>				
Current				
Instruction	14,128,952.17	126,103.59	-	14,255,055.76
Support Services				
Pupil Services	969,289.58	-	-	969,289.58
Improvement of Instructional Services	658,854.15	-	-	658,854.15
Educational Media Services	402,375.24	-	-	402,375.24
General Administration	612,377.18	-	-	612,377.18
School Administration	1,346,189.46	-	-	1,346,189.46
Business Administration	214,248.15	-	-	214,248.15
Maintenance and Operation of Plant	1,713,691.86	-	-	1,713,691.86
Student Transportation Services	639,571.63	503,606.10	-	1,143,177.73
Other Support Services	20,557.23	-	-	20,557.23
Enterprise Operations	980,585.49	-	-	980,585.49
Food Services Operation	1,502,755.62	-	-	1,502,755.62
Capital Outlay	535,816.35	2,621,799.24	-	3,157,615.59
Debt Services				
Principal	-	117,505.00	1,455,000.00	1,572,505.00
Dues and Fees	-	-	(10,541.47)	(10,541.47)
Interest	-	1,080.31	413,300.36	414,380.67
Total Expenditures	<u>23,725,264.11</u>	<u>3,370,094.24</u>	<u>1,857,758.89</u>	<u>28,953,117.24</u>
Revenues over (under) Expenditures	<u>3,910,808.28</u>	<u>(693,118.15)</u>	<u>(1,368,185.26)</u>	<u>1,849,504.87</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Lease Liability Proceeds	-	480,627.00	-	480,627.00
Transfers In	-	-	1,694,600.00	1,694,600.00
Transfers Out	(1,099,437.41)	(595,162.59)	-	(1,694,600.00)
Total Other Financing Sources (Uses)	<u>(1,099,437.41)</u>	<u>114,535.59</u>	<u>1,694,600.00</u>	<u>480,627.00</u>
Net Change in Fund Balances	2,811,370.87	(807,653.74)	326,414.74	2,330,131.87
Fund Balances - Beginning	6,190,204.00	3,574,390.00	506,864.00	10,271,458.00
Fund Balances - Ending	<u>\$ 9,001,574.87</u>	<u>\$ 2,766,736.26</u>	<u>\$ 833,278.74</u>	<u>\$ 12,601,589.87</u>

CITY OF COMMERCE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 2,330,131.87

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets and right-to-use assets are allocated over their estimated useful lives as depreciation expense and amortization expense.

Capital outlay	\$	3,895,222.72	
Depreciation expense		(941,143.42)	
Amortization expense		(60,078.42)	
		2,894,000.88	2,894,000.88

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

(56,905.28)

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

Lease liability proceeds	\$	(480,627.00)	
Amortization of deferred charge on refunding of bonds		(87,103.18)	
Financed purchase arrangement payments		16,959.00	
Bond principal retirements		1,455,000.00	
Amortization of bond premium		185,052.00	
Lease liability payments		100,546.00	
		1,189,826.82	1,189,826.82

District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$	1,597,070.88	
OPEB expense		(2,966.00)	
		1,594,104.88	1,594,104.88

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

Net increase in accrued interest	\$	(15,302.56)	
Compensated absences		238,932.00	
		223,629.44	223,629.44

Change in net position of governmental activities (Exhibit "B") \$ 8,174,788.61

CITY OF COMMERCE BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

EXHIBIT "G"

PRIVATE
PURPOSE
TRUSTS

ASSETS

Cash and Cash Equivalents

\$ 14,906.92

NET POSITION

Held in Trust for Private Purposes

\$ 14,906.92

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

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ <u>1.92</u>
<u>DEDUCTIONS</u>	
Scholarships	<u>1,000.00</u>
Change in Net Position	(998.08)
Net Position - Beginning	<u>15,905.00</u>
Net Position - Ending	\$ <u><u>14,906.92</u></u>

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

The School District also reports the following fiduciary fund:

- Private purpose trust fund accounts for endowments, under which principal and income benefits graduating seniors of the City of Commerce Board of Education.

Basis of Accounting

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

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

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

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

New Accounting Pronouncements

In fiscal year 2022, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Cash and Cash Equivalents

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

Investments

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

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

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

Receivables

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

Inventories

Food Inventories

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

Capital Assets

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

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

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

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000.00	20 to 80 years
Buildings and Improvements	\$ 10,000.00	25 to 80 years
Equipment	\$ 10,000.00	10 to 50 years
Intangible Assets	\$ 100,000.00	Individually Determined

Intangible Right-To-Use Assets

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

Capitalization thresholds of intangible right-to-use assets reported in the government-wide statements are as follows:

	Capitalization Policy
Land	Any Amount
Land Improvements	\$ 10,000.00
Buildings and Improvements	\$ 10,000.00
Equipment	\$ 10,000.00

Leases as Lessee

The School District is a lessee for noncancellable leases of school buses owned by 3rd parties.

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

Key estimates and judgments related to leases include how the School District determines (1) lease term, and (2) lease payments:

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the School District will make over the lease term.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

Use of Estimates

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

Property Taxes

The Jackson County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on October 7, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 20, 2021 (lien date). Taxes collected within the current fiscal year or within 60

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. The Jackson County Tax Commissioner bills and collects the property taxes for the School District, withholds 2% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2022, for maintenance and operations amounted to \$6,348,902.55 and for school bonds amounted to \$472,625.56.

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

School Operations	17.078	mills
School Bonds	2.000	mills
	19.078	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$412,063.46 during fiscal year ended June 30, 2022.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$2,667,039.42 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget as approved by the Board of Education.

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

Collateralization of Deposits

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, the School District had deposits with a carrying amount of \$2,423,906.61 and a bank balance of \$3,025,747.49. The bank balances insured by Federal depository insurance were \$442,914.62 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School Districts name were \$2,582,832.87.

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

Cash and cash equivalents		
Statement of Net Position	\$	12,491,311.71
Statement of Fiduciary Net Position		14,906.92
 Total cash and cash equivalents		 12,506,218.63
 Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		10,082,312.02
 Total carrying value of deposits - June 30, 2022	 \$	 <u>2,423,906.61</u>

Categorization of Cash Equivalents

The School District reported cash equivalents of \$10,082,312.02 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2022 was 43 days.

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

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

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

	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 563,704.00	\$ 2,522,515.50	\$ -	\$ 3,086,219.50
Construction in Progress	-	519,910.00	-	519,910.00
Total Capital Assets				
Not Being Depreciated	563,704.00	3,042,425.50	-	3,606,129.50
Capital Assets				
Being Depreciated:				
Buildings and Improvements	34,076,780.00	205,058.95		34,281,838.95
Equipment	3,206,152.00	117,611.10	175,423.25	3,148,339.85
Land Improvements	2,172,307.00	49,500.17	-	2,221,807.17
Less Accumulated Depreciation:				
Buildings and Improvements	9,313,452.00	676,716.39	-	9,990,168.39
Equipment	1,829,544.00	170,340.41	175,423.25	1,824,461.16
Land Improvements	1,353,450.00	94,086.62	-	1,447,536.62
Total Capital Assets,				
Being Depreciated, Net	26,958,793.00	(568,973.20)	-	26,389,819.80
Governmental Activity				
Capital Assets - Net	\$ 27,522,497.00	\$ 2,473,452.30	\$ -	\$ 29,995,949.30

Current year depreciation expense by function is as follows:

Instruction		\$ 812,156.40
Support Services		
General Administration	\$ 11,933.48	
Maintenance and Operation of Plant	5,457.62	
Student Transportation Services	94,672.25	112,063.35
Food Services		16,923.67
		\$ 941,143.42

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities				
Intangible Right-to-Use Assets				
Equipment	\$ -	\$ 480,627.00	\$ -	\$ 480,627.00
Less Accumulated Amortization:				
Equipment	-	60,078.42	-	60,078.42
Governmental Activities				
Intangible Right-to-Use Assets - Net	\$ -	\$ 420,548.58	\$ -	\$ 420,548.58

Current year amortization expense by function is as follows:

Student Transportation Services	\$ 60,078.42
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NOTE 6: INTERFUND TRANSFERS

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

	Transfers From		
Transfers to	General Fund	Capital Projects Fund	Total
Debt Service Fund	\$ 1,099,437.41	\$ 595,162.59	\$ 1,694,600.00

Transfers are used to move funds collected by the general fund and capital projects fund to the debt service fund to pay remaining debt service obligations.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General Obligation (G.O.) Bonds	\$ 8,520,000.00	\$ -	\$ 1,205,000.00	\$ 7,315,000.00	\$ 1,090,000.00
Direct Placement Bonds	4,640,000.00	-	250,000.00	4,390,000.00	235,000.00
Unamortized Bond Premiums	1,412,872.00	-	185,052.00	1,227,820.00	202,824.44
Leases	-	480,627.00	100,546.00	380,081.00	91,804.00
Financed Purchases	16,959.00	-	16,959.00	-	-
Compensated Absences	238,932.00	-	238,932.00	-	-
	\$ 14,828,763.00	\$ 480,627.00	\$ 1,996,489.00	\$ 13,312,901.00	\$ 1,619,628.44

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

General Obligation Bonds

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

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Refunding - Series 2016	2.00 - 4.00%	5/25/2016	8/1/2027	\$ 8,460,000.00	\$ 7,315,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2023	\$ 1,090,000.00	\$ 265,100.00	\$ 119,549.00
2024	1,130,000.00	226,400.00	119,549.00
2025	1,180,000.00	180,200.00	119,549.00
2026	1,245,000.00	131,700.00	119,549.00
2027	1,305,000.00	80,700.00	119,549.00
2028	1,365,000.00	27,300.00	59,776.00
Total Principal and Interest	\$ 7,315,000.00	\$ 911,400.00	\$ 657,521.00

Direct Placement Bonds

In April 2021, the School District issued \$4,640,000.00 of Series 2021 direct placement bonds which mature February 1, 2033 and bear interest at rates from 2% to 4%. The proceeds of the bond were used to pay off the School District's energy efficiency lease (financed purchases).

The School District's outstanding direct placement bonds of \$4,390,000.00 contain a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make a payment.

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

Direct placement bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2021	2.00 - 4.00%	4/27/2021	2/1/2033	\$ 4,640,000.00	\$ 4,390,000.00

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

Fiscal Year Ended June 30:	Direct Placement Bond Debt		Unamortized Bond Premium
	Principal	Interest	
2023	\$ 235,000.00	\$ 149,400.00	\$ 83,275.00
2024	255,000.00	142,350.00	79,345.00
2025	275,000.00	134,700.00	75,081.00
2026	300,000.00	123,700.00	68,950.00
2027	330,000.00	111,700.00	62,261.00
2028 - 2032	2,395,000.00	343,300.00	191,354.00
2033	600,000.00	18,000.00	10,033.00
Total Principal and Interest	\$ 4,390,000.00	\$ 1,023,150.00	\$ 570,299.00

Leases

The School District has acquired school buses under the provisions of various contracts that convey control of the right to use another entity's asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2022:

	Governmental Activities
Equipment	\$ 480,627.00
Less: Accumulated Amortizaion	<u>60,078.42</u>
	<u>\$ 420,548.58</u>

Leases currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
BiCapital Bus Lease	2.26%	8/16/2021	8/16/2025	\$ 480,627.00	\$ 380,081.00

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

The following is a schedule of total lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2023	\$ 91,804.00	\$ 8,742.00
2024	93,916.00	6,630.00
2025	96,076.00	4,470.00
2026	98,285.00	2,261.00
Total Principal and Interest	\$ 380,081.00	\$ 22,103.00

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

The School District has elected to self-insure for losses related to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

Workers' Compensation

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program to reduce the risk of loss from employee accidents. The School District pays an annual contribution to the Fund for coverage. The Fund provides statutory limits of coverage for Workers' Compensation coverage and a \$2,000,000 limit per occurrence for Employers' Liability coverage. Excess insurance coverage is provided through an agreement between the Fund and the Safety National Casualty Corporation to limit the Fund's exposure to large losses.

Unemployment Compensation

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

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

		<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2021	\$	<u>-</u>	\$ <u>8,395.00</u>	\$ <u>8,395.00</u>	\$ <u>-</u>
2022	\$	<u>-</u>	\$ <u>4,745.00</u>	\$ <u>4,745.00</u>	\$ <u>-</u>

Surety Bond

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ <u>100,000.00</u>

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories	\$	49,245.12
Restricted		
Continuation of Federal Programs	\$	451,133.42
Capital Projects		2,294,715.00
Debt Service		<u>1,305,300.00</u>
4,051,148.42		
Assigned		
School Activity Accounts		322,917.90
Unassigned		<u>8,178,278.43</u>
Fund Balance, June 30, 2022	\$	<u>12,601,589.87</u>

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

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

NOTE 10: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2022 (2)
Commerce High School Track Resurface	\$ 480,577.00	\$ 46,533.00
Commerce High School Renovation-Modification	770,050.64	220,021.36
Commerce Middle School Heat and Air Replacement	155,282.00	301,518.00
	\$ 1,405,909.64	\$ 568,072.36

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

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$371,642.00 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2022, the School District reported a liability of \$10,250,512.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.94642%, which was an increase of 0.001098% from its proportion measured as of June 30, 2020.

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

For the year ended June 30, 2022, the School District recognized OPEB expense of \$374,486.00. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,680,351.00
Changes of assumptions	1,877,027.00	836,435.00
Net difference between projected and actual earnings on OPEB plan investments	-	16,254.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,040,755.00	-
School District contributions subsequent to the measurement date	371,642.00	-
Total	\$ 3,289,424.00	\$ 5,533,040.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2023	\$ (510,215.00)
2024	\$ (534,172.00)
2025	\$ (488,074.00)
2026	\$ (374,456.00)
2027	\$ (543,635.00)
Thereafter	\$ (164,706.00)

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the Pub-2010 Mortality Tables for Males or Females, as appropriate, as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 2.20%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the Net OPEB liability	\$ 11,718,634.00	\$ 10,250,512.00	\$ 9,021,555.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 8,697,956.00	\$ 10,250,512.00	\$ 12,191,328.00

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

NOTE 13: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual School District payroll, of which 19.58% of payroll was required from the School District and 0.23% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$2,072,181.88 and \$24,156.84 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$19,547.00.

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

At June 30, 2022, the School District reported a liability of \$6,120,102.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	\$	6,120,102.00
State of Georgia's proportionate share of the net pension liability associated with the School District		77,299.00
Total	\$	6,197,401.00

The net pension liability for TRS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021.

At June 30, 2021, the School District's TRS proportion was 0.069198%, which was a decrease of 0.002323% from its proportion measured as of June 30, 2020.

At June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$18,245.00.

The PSERS net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$430,106.00 for TRS and \$192.00 for PSERS and revenue of \$23,701.00 for TRS and \$192.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

CITY OF COMMERCE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "I"

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,460,451.00	\$ -
Changes of assumptions	1,184,526.00	-
Net difference between projected and actual earnings on pension plan investments	-	8,951,980.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	319,760.00	367,403.00
School District contributions subsequent to the measurement date	2,072,181.88	-
Total	\$ 5,036,918.88	\$ 9,319,383.00

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2023	\$ (1,072,351.00)
2024	\$ (1,188,158.00)
2025	\$ (1,817,444.00)
2026	\$ (2,276,693.00)

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

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

Teachers Retirement System:

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

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

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

Public School Employees Retirement System:

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

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

Mortality rates are as follows:

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

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

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

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

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

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' fiduciary net position were projected to be 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.

CITY OF COMMERCE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "I"

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 16,485,932.00	\$ 6,120,102.00	\$ (2,373,981.00)

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

NOTE 14: TAX ABATEMENTS

The Jackson County Industrial Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to City of Commerce.

For the fiscal year ended June 30, 2022, Jackson Industrial Development Authority abated property taxes due to the School District that were levied on October 7, 2021 and due on December 20, 2021 totaling \$3,615,526.92 resulting in a payment in lieu of taxes \$1,742,754.00.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.069198%	\$ 6,120,102.00	\$ 77,299.00	\$ 6,197,401.00	\$ 9,114,974.00	67.14%	92.03%
2021	0.071521%	\$ 17,325,186.00	\$ 210,264.00	\$ 17,535,450.00	\$ 9,332,966.31	185.63%	77.01%
2020	0.070866%	\$ 15,238,106.00	\$ 193,739.00	\$ 15,431,845.00	\$ 8,758,504.84	173.98%	78.56%
2019	0.069609%	\$ 12,920,921.00	\$ 177,454.00	\$ 13,098,375.00	\$ 8,404,802.88	153.73%	80.27%
2018	0.065685%	\$ 12,207,760.00	\$ 221,723.00	\$ 12,429,483.00	\$ 7,690,399.37	158.74%	79.33%
2017	0.062411%	\$ 12,876,085.00	\$ 337,319.00	\$ 13,213,404.00	\$ 7,025,167.41	183.29%	76.06%
2016	0.063220%	\$ 9,624,617.00	\$ 262,310.00	\$ 9,886,927.00	\$ 6,830,218.78	140.91%	81.44%
2015	0.067276%	\$ 8,499,435.00	\$ 227,406.00	\$ 8,726,841.00	\$ 7,047,079.00	120.61%	84.03%

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

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	\$ 2,072,181.88	\$ 2,072,181.88	\$ -	\$ 10,584,961.86	19.58%
2021 (1)	\$ 1,737,314.00	\$ 1,737,314.00	\$ -	\$ 9,114,974.00	19.06%
2020	\$ 1,949,341.00	\$ 1,949,341.00	\$ -	\$ 9,332,966.31	20.89%
2019	\$ 1,807,549.26	\$ 1,807,549.26	\$ -	\$ 8,758,504.84	20.64%
2018	\$ 1,393,707.89	\$ 1,393,707.89	\$ -	\$ 8,404,802.88	16.58%
2017	\$ 1,076,549.57	\$ 1,076,549.57	\$ -	\$ 7,690,399.37	14.00%
2016	\$ 977,302.25	\$ 977,302.25	\$ -	\$ 7,025,167.41	13.91%
2015 (1)	\$ 898,173.77	\$ 898,173.77	\$ -	\$ 6,830,218.78	13.15%
2014 (1)	\$ 865,381.30	\$ 865,381.30	\$ -	\$ 7,047,079.10	12.28%
2013 (1)	\$ 833,546.63	\$ 833,546.63	\$ -	\$ 7,305,404.29	11.41%

(1) For years ended 2013 - 2015 and 2021, the contractually required contribution amount includes amounts paid by the State of Georgia on behalf of the City of Commerce Board of Education.

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

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00%	\$ -	\$ 18,245.00	\$ 18,245.00	\$ 178,430.96	N/A	98.00%
2021	0.00%	\$ -	\$ 121,933.00	\$ 121,933.00	\$ 192,153.57	N/A	84.45%
2020	0.00%	\$ -	\$ 104,983.00	\$ 104,983.00	\$ 192,153.57	N/A	85.02%
2019	0.00%	\$ -	\$ 108,508.00	\$ 108,508.00	\$ 152,443.61	N/A	85.26%
2018	0.00%	\$ -	\$ 93,938.00	\$ 93,938.00	\$ 154,947.17	N/A	85.69%
2017	0.00%	\$ -	\$ 113,546.00	\$ 113,546.00	\$ 257,124.90	N/A	81.00%
2016	0.00%	\$ -	\$ 62,418.00	\$ 62,418.00	\$ 253,162.00	N/A	87.00%
2015	0.00%	\$ -	\$ 98,846.00	\$ 98,846.00	\$ 249,942.00	N/A	88.29%

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

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.094642%	\$ 10,250,512.00	\$ -	\$ 10,250,512.00	\$ 8,382,661.00	122.28%	6.14%
2021	0.093544%	\$ 13,739,435.00	\$ -	\$ 13,739,435.00	\$ 8,211,644.00	167.32%	3.99%
2020	0.092655%	\$ 11,370,756.00	\$ -	\$ 11,370,756.00	\$ 7,655,052.90	148.54%	4.63%
2019	0.090399%	\$ 11,489,436.00	\$ -	\$ 11,489,436.00	\$ 7,282,054.62	157.78%	2.93%
2018	0.085784%	\$ 12,052,617.00	\$ -	\$ 12,052,617.00	\$ 6,321,757.92	190.65%	1.61%

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

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2022	\$ 371,642.00	\$ 371,642.00	\$ -	\$ 9,882,618.08	3.76%
2021	\$ 352,052.00	\$ 352,052.00	\$ -	\$ 8,382,661.00	4.20%
2020	\$ 316,344.00	\$ 316,344.00	\$ -	\$ 8,211,644.17	3.85%
2019	\$ 499,011.00	\$ 499,011.00	\$ -	\$ 7,655,052.90	6.52%
2018	\$ 468,527.00	\$ 468,527.00	\$ -	\$ 7,282,054.62	6.43%
2017	\$ 447,283.00	\$ 447,283.00	\$ -	\$ 6,321,757.92	7.08%

Teachers Retirement System

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

Changes of assumptions: On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

Changes in assumptions:

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

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

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

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

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

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 4,100,000.00	\$ 4,100,000.00	\$ 6,760,966.01	\$ 2,660,966.01
Sales Taxes	34,000.00	34,000.00	102,777.35	68,777.35
State Funds	13,285,310.00	14,661,648.40	14,661,126.42	(521.98)
Federal Funds	1,305,733.00	2,148,141.73	4,627,949.75	2,479,808.02
Charges for Services	97,700.00	97,700.00	500,007.40	402,307.40
Investment Earnings	1,000.00	1,000.00	12,619.70	11,619.70
Miscellaneous	93,654.00	93,654.00	970,625.76	876,971.76
Total Revenues	<u>18,917,397.00</u>	<u>21,136,144.13</u>	<u>27,636,072.39</u>	<u>6,499,928.26</u>
EXPENDITURES				
Current				
Instruction	12,045,551.29	14,494,768.94	14,128,952.17	365,816.77
Support Services				
Pupil Services	820,313.00	926,889.09	969,289.58	(42,400.49)
Improvement of Instructional Services	621,980.00	673,012.81	658,854.15	14,158.66
Educational Media Services	381,733.00	381,733.00	402,375.24	(20,642.24)
General Administration	577,879.00	577,879.00	612,377.18	(34,498.18)
School Administration	1,353,447.00	1,353,447.00	1,346,189.46	7,257.54
Business Administration	242,929.00	242,929.00	214,248.15	28,680.85
Maintenance and Operation of Plant	1,101,844.45	1,101,844.45	1,713,691.86	(611,847.41)
Student Transportation Services	583,368.00	892,336.00	639,571.63	252,764.37
Other Support Services	14,575.00	14,575.00	20,557.23	(5,982.23)
Food Services Operation	1,056,451.00	1,067,385.00	1,502,755.62	(435,370.62)
Enterprise Operations	-	-	980,585.49	(980,585.49)
Capital Outlay	-	-	535,816.35	(535,816.35)
Total Expenditures	<u>18,800,070.74</u>	<u>21,726,799.29</u>	<u>23,725,264.11</u>	<u>(1,998,464.82)</u>
Excess of Revenues over (under) Expenditures	<u>117,326.26</u>	<u>(590,655.16)</u>	<u>3,910,808.28</u>	<u>4,501,463.44</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	1,285,594.56	101,563.92	-	(101,563.92)
Transfers Out	(25,000.00)	(1,229,728.17)	(1,099,437.41)	130,290.76
Total Other Financing Sources (Uses)	<u>1,260,594.56</u>	<u>(1,128,164.25)</u>	<u>(1,099,437.41)</u>	<u>28,726.84</u>
Net Change in Fund Balances	1,377,920.82	(1,718,819.41)	2,811,370.87	4,530,190.28
Fund Balances - Beginning	6,923,947.43	6,923,947.43	6,190,204.00	(733,743.43)
Adjustments	20,295.52	662.57	-	(662.57)
Fund Balances - Ending	<u>\$ 8,322,163.77</u>	<u>\$ 5,205,790.59</u>	<u>\$ 9,001,574.87</u>	<u>\$ 3,795,784.28</u>

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

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

The actual revenues and expenditures of the various principal accounts are \$ 1,218,527.08 and \$1,136,083.84, respectively.

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

CITY OF COMMERCE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	\$ 378,671.28
National School Lunch Program	10.555	225GA324N1199	910,843.27
COVID-19 - National School Lunch Program	10.555	225GA324N1099	46,849.73
Total Child Nutrition Cluster			<u>1,336,364.28</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	225GA904N2533	1,670.44
Total U. S. Department of Agriculture			<u>1,338,034.72</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	659,749.85
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,144,556.19
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	37,462.00
Total Education Stabilization Fund			<u>1,841,768.04</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	128,100.00
Grants to States	84.027A	H027A210073	289,243.22
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	30,517.71
Preschool Grants	84.173A	H173A220081	10,744.00
COVID-19 - American Rescue Plan - Preschool Grants	84.173X	H173X210081	4,928.00
Total Special Education Cluster			<u>463,532.93</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	16,140.00
Language Instruction for English Learners	84.365A	S365A210010	2,184.00
Language Instruction for English Learners	84.365A	S365A220010	13,143.37
Student Support and Academic Enrichment Program	84.424A	S424A210011	26,314.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	12,086.00
Supporting Effective Instruction State Grants	84.367A	S367A220001	35,064.55
Title I Grants to Local Educational Agencies	84.010A	S010A210010	46,191.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	266,047.43
Total Other Programs			<u>417,170.35</u>
Total U. S. Department of Education			<u>2,722,471.32</u>
Federal Communications Commission, U.S.			
Direct			
COVID-19-Emergency Connectivity Fund Program	32.009		<u>224,933.50</u>

CITY OF COMMERCE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of Pass-Through From Bright From the Start: Georgia Department of Early Care and Learning COVID-19 - Child Care and Development Block Grant	93.575	2210GACCC5	12,836.11
Total Expenditures of Federal Awards			\$ 4,298,275.65

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4: Elementary and Secondary School Emergency Relief Fund Activity

For the year ended June 30, 2022, the amount reflected on the Schedule for the American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ALN 84.425U) includes \$183,788.00 of approved eligible expenditures that were incurred in a prior fiscal year.

CITY OF COMMERCE BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2022

SCHEDULE "9"

<u>AGENCY/FUNDING</u>	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 286,788.40
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	423,085.00
Kindergarten Program - Early Intervention Program	472,192.00
Primary Grades (1-3) Program	1,391,606.00
Primary Grades - Early Intervention (1-3) Program	370,241.00
Upper Elementary Grades (4-5) Program	535,568.00
Upper Elementary Grades - Early Intervention (4-5) Program	345,916.00
Middle School (6-8) Program	1,156,852.00
High School General Education (9-12) Program	1,066,866.00
Vocational Laboratory (9-12) Program	363,281.00
Students with Disabilities	1,926,018.00
Gifted Student - Category VI	388,266.00
Remedial Education Program	177,189.00
Alternative Education Program	92,307.00
English Speakers of Other Languages (ESOL)	237,774.00
Media Center Program	222,136.00
20 Days Additional Instruction	67,013.00
Staff and Professional Development	41,223.00
Principal Staff and Professional Development	1,210.00
Indirect Cost	
Central Administration	444,885.00
School Administration	573,119.00
Facility Maintenance and Operations	465,769.00
Amended Formula Adjustment	69,223.00
One Time QBE Adjustment	344,930.00
Categorical Grants	
Pupil Transportation	
Regular	105,369.21
Bus Replacement	45,000.00
Nursing Services	5,833.56
Education Equalization Funding Grant	2,574,215.00
Other State Programs	
Charter Schools Grant	182,035.00
Food Services	81,193.00
Hygiene Products	1,285.00
Math and Science Supplements	13,815.00
Preschool Disability Services	31,670.00
Pupil Transportation - State Bonds	77,220.00
Teachers Retirement	24,156.84
Vocational Education	36,329.41
Office of the State Treasurer	
Public School Employees Retirement	19,547.00
	<u>19,547.00</u>
	\$ <u>14,661,126.42</u>

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

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
SPLOST 2016			
Paying a portion of the debt on the outstanding Series 2007 and 2009 General Obligation Bonds previously issued by the City of Commerce Board of Education;	\$ 7,650,000.00	\$ 5,150,000.00	4/1/2023
Adding to, renovating, repairing, improving and equipping existing school buildings or other buildings or facilities useful or desirable in connection therewith, but not limited to HVAC and elementary gymnasium;	10,092,000.00	9,000,000.00	4/1/2023
Acquiring school buses, school vehicles and transportation equipment;	400,000.00	400,000.00	4/1/2023
Acquiring textbooks and band instruments;	200,000.00	200,000.00	4/1/2023
Acquiring new technology and safety and security equipment and other school equipment;	1,500,000.00	1,500,000.00	4/1/2023
Acquiring land; and	100,000.00	2,600,000.00	4/1/2023
Acquiring any property necessary or desirable therefore, both real and personal.	150,000.00	150,000.00	4/1/2023
Subtotal 2016 Projects	<u>20,092,000.00</u>	<u>19,000,000.00</u>	
SPLOST 2021			
Acquiring land;	100,000.00	100,000.00	4/1/2026
Demolishing, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities;	753,403.00	753,403.00	4/1/2026
Purchasing and refurbishing school buses and other transportation and maintenance vehicles;	400,000.00	400,000.00	4/1/2026
Making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with textbooks, library books and other media;	200,000.00	200,000.00	4/1/2026
Modernizing technology and making system-wide technology improvements;	1,500,000.00	1,500,000.00	4/1/2026
Acquiring, constructing and equipping new school buildings and other buildings or facilities useful or desirable in connection therewith; and	2,000,000.00	2,000,000.00	4/1/2026
Paying a portion of the debt service on the Series 2007 and 2016 general obligation bonds of the Commerce City School District.	7,988,000.00	7,988,000.00	4/1/2026
Subtotal 2021 Projects	<u>12,941,403.00</u>	<u>12,941,403.00</u>	
Total	<u>\$ 33,033,403.00</u>	<u>\$ 31,941,403.00</u>	

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

SCHEDULE "10"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
SPLOST 2016				
Paying a portion of the debt on the outstanding Series 2007 and 2009 General Obligation Bonds previously issued by the City of Commerce Board of Education;	\$ 162,884.80	\$ 3,235,886.00	\$ -	\$ -
Adding to, renovating, repairing, improving and equipping existing school buildings or other buildings or facilities useful or desirable in connection therewith, but not limited to HVAC and elementary gymnasium;	99,283.54	184,377.00	-	-
Acquiring school buses, school vehicles and transportation equipment;	123,525.10	181,456.00	-	-
Acquiring textbooks and band instruments;	-	29,233.00	-	-
Acquiring new technology and safety and security equipment and other school equipment;	144,142.90	140,511.00	-	-
Acquiring land; and	2,522,515.70	-	-	-
Acquiring any property necessary or desirable therefore, both real and personal.	-	-	-	-
Subtotal 2016 Projects	<u>3,052,352.04</u>	<u>3,771,463.00</u>	<u>-</u>	<u>-</u>
SPLOST 2021				
Acquiring land;	-	-	-	-
Demolishing, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities;	367,515.56	-	-	-
Purchasing and refurbishing school buses and other transportation and maintenance vehicles;	480,627.00	-	-	-
Making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with textbooks, library books and other media;	-	-	-	-
Modernizing technology and making system-wide technology improvements;	-	-	-	-
Acquiring, constructing and equipping new school buildings and other buildings or facilities useful or desirable in connection therewith; and	-	-	-	-
Paying a portion of the debt service on the Series 2007 and 2016 general obligation bonds of the Commerce City School District.	1,327,358.53	-	-	-
Subtotal 2021 Projects	<u>2,175,501.09</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,227,853.13</u>	<u>\$ 3,771,463.00</u>	<u>\$ -</u>	<u>\$ -</u>

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the project(s). Includes all cost from project inception to completion.
- (3) The voters of City of Commerce approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

Section II

Compliance and Internal Control Reports



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Joy Tolbert, Superintendent and Members of the
City of Commerce Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the City of Commerce Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 10, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

October 10, 2023



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Joy Tolbert, Superintendent and Members of the
City of Commerce Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Commerce Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor

October 10, 2023

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2021-001 Improve Controls Over Financial Reporting

Finding Status: Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV

Findings and Questioned Costs

CITY OF COMMERCE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Noncompliance material to financial statements noted: No

Federal Awards

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

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

All major programs Unmodified

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? No

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

APPENDIX A-1

**UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2023**

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UNAUDITED



City of Commerce Board of Education-

Jackson County, GA

Annual Financial Report

For the Fiscal Year Ended

June 30, 2023

UNAUDITED

City of Commerce Board of Education

Table of Contents

Section I

Financial

Exhibits

Basic Financial Statements

Government-Wide Financial Statements

A	Statement of Net Position	1
B	Statement of Activities	2

Fund Financial Statements

C	Balance Sheet	
	Governmental Funds	3
D	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
E	Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	5
F	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
G	Statement of Fiduciary Net Position Fiduciary Funds	7
H	Statement of Changes in Fiduciary Net Position Fiduciary Funds	8
I	Notes to the Basic Financial Statements	10

Schedules

Required Supplementary Information

1	Schedule of Proportionate Share of the Net Pension Liability Teachers Retirement System of Georgia	39
2	Schedule of Contributions – Teachers Retirement System of Georgia	40
3	Schedule of Proportionate Share of the Net Pension Liability Employees' Retirement System of Georgia	41
4	Schedule of Proportionate Share of the Net OPEB Liability School OPEB Fund	42
5	Schedule of Contributions – School OPEB Fund	43
6	Notes to the Required Supplementary Information	44
7	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	45

Supplementary Information

8	Schedule of Expenditures of Federal Awards	46
9	Schedule of State Revenue	48
10	Schedule of Approved Local Option Sales Tax Projects	50

UNAUDITED

Section I

Financial

UNAUDITED

City of Commerce Board of Education

Financial Statements

UNAUDITED

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

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	26,476,112.91
Accounts Receivable, Net		
Taxes		567,375.54
State Government		1,687,654.88
Federal Government		787,528.55
Inventories		45,423.41
Intangible Right-to-Use Assets (Net of Accumulated Amortization)		288,597.00
Capital Assets, Non-Depreciable		3,199,338.69
Capital Assets, Depreciable (Net of Accumulated Depreciation)		27,536,958.37
Total Assets		60,588,989.35
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Debt Refunding		403,223.83
Related to Defined Benefit Pension Plan		13,093,688.83
Related to OPEB Plan		4,037,614.00
Total Deferred Outflows of Resources		17,534,526.66
 <u>LIABILITIES</u>		
Accounts Payable		425,835.34
Salaries and Benefits Payable		2,468,663.18
Interest Payable		163,062.50
Net Pension Liability		24,917,663.00
Net OPEB Liability		10,178,887.00
Long-Term Liabilities		
Due Within One Year		1,677,920.78
Due in More Than One Year		10,015,575.72
Total Liabilities		49,847,607.52
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plan		397,807.00
Related to OPEB Plan		6,059,305.00
Total Deferred Inflows of Resources		6,457,112.00
 <u>NET POSITION</u>		
Net Investment in Capital Assets		19,734,621.39
Restricted for		
Continuation of Federal Programs		617,112.49
Debt Service		1,098,100.74
Capital Projects		4,163,270.14
Unrestricted (Deficit)		(3,794,308.27)
Total Net Position	\$	21,818,796.49

UNAUDITED

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

EXHIBIT "B"

	PROGRAM REVENUES			NET (EXPENSES)
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 17,042,548.37	\$ 147,771.06	\$ 12,436,272.57	\$ (4,458,504.74)
Support Services				
Pupil Services	1,557,110.78	-	854,692.48	(702,418.30)
Improvement of Instructional Services	888,106.95	-	372,287.69	(515,819.26)
Educational Media Services	454,087.50	-	264,753.00	(189,334.50)
General Administration	638,181.83	-	140,568.66	(497,613.17)
School Administration	1,537,510.33	-	674,181.00	(863,329.33)
Business Administration	184,982.28	-	39,583.03	(145,399.25)
Maintenance and Operation of Plant	1,888,238.95	-	525,423.93	(1,362,815.02)
Student Transportation Services	612,388.95	-	154,999.48	(457,389.47)
Central Support Services	-	-	-	-
Other Support Services	12,941.14	-	-	(12,941.14)
Operations of Non-Instructional Services				
Enterprise Operations	795,658.77	-	-	(795,658.77)
Community Services	-	-	-	-
Food Services	1,484,479.19	411,371.72	1,200,521.60	127,414.13
Interest on Long-Term Debt	500,130.50	-	-	(500,130.50)
Total Governmental Activities	\$ 27,596,365.54	\$ 559,142.78	\$ 16,663,283.44	(10,373,939.32)
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				17,401,295.76
For Debt Services				621,827.17
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Capital Projects				2,668,369.37
Other Sales Tax				48,621.53
Grants and Contributions not Restricted to Specific Programs				2,623,020.00
Investment Earnings				565,780.65
Miscellaneous				1,047,841.72
Total General Revenues				24,976,756.20
Change in Net Position				14,602,816.88
Net Position - Beginning of Year				7,215,979.61
Net Position - End of Year				\$ 21,818,796.49

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 20,909,389.58	\$ 5,223,047.94	\$ 343,675.39	\$ 26,476,112.91
Accounts Receivable, Net				
Taxes	300,126.50	253,815.80	13,433.24	567,375.54
State Government	1,687,654.88	-	-	1,687,654.88
Federal Government	787,528.55	-	-	787,528.55
Due from Other Funds	309,700.00	-	-	309,700.00
Inventories	45,423.41	-	-	45,423.41
Total Assets	\$ 24,039,822.92	\$ 5,476,863.74	\$ 357,108.63	\$ 29,873,795.29
LIABILITIES				
Accounts Payable	\$ 325,996.35	\$ 99,838.99	\$ -	\$ 425,835.34
Salaries and Benefits Payable	2,468,663.18	-	-	2,468,663.18
Due to Other Funds	-	-	309,700.00	309,700.00
Total Liabilities	2,794,659.53	99,838.99	309,700.00	3,204,198.52
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	133,638.48	-	6,663.24	140,301.72
Unavailable Revenue - Federal Funds	20,980.43	-	-	20,980.43
Total Deferred Inflows of Resources	154,618.91	-	6,663.24	161,282.15
FUND BALANCES				
Nonspendable	45,423.41	-	-	45,423.41
Restricted	571,689.08	5,377,024.75	40,745.39	5,989,459.22
Assigned	267,215.73	-	-	267,215.73
Unassigned	20,206,216.26	-	-	20,206,216.26
Total Fund Balances	21,090,544.48	5,377,024.75	40,745.39	26,508,314.62
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,039,822.92	\$ 5,476,863.74	\$ 357,108.63	\$ 29,873,795.29

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	26,508,314.62
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$	3,086,219.50
Construction in progress		113,119.19
Buildings and improvements		35,224,204.10
Equipment		3,480,928.76
Land improvements		2,809,460.17
Accumulated depreciation		<u>(13,977,634.66)</u>
		30,736,297.06
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Leased machinery and equipment	\$	480,995.00
Accumulated amortization - Right-to-use assets		<u>(192,398.00)</u>
		288,597.00
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(24,917,663.00)
Net OPEB liability		<u>(10,178,887.00)</u>
		(35,096,550.00)
Deferred charges or credits on debt refundings are applicable to future periods and are therefore not reported in the funds and are amortized over the life of the new debt.		
		403,223.83
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$	12,695,881.83
Related to OPEB		<u>(2,021,691.00)</u>
		10,674,190.83
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		140,301.72
Grants that are not available to pay for current period expenditures are deferred in the funds.		
		20,980.43
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(10,380,000.00)
Accrued interest payable		(163,062.50)
Lease liability payable		(288,500.94)
Unamortized bond premiums		<u>(1,024,995.56)</u>
		<u>(11,856,559.00)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>21,818,796.49</u></u>

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	\$ 17,353,298.44	\$ -	\$ 623,862.49	\$ 17,977,160.93
Sales Taxes	41,608.99	2,668,369.37	7,012.54	2,716,990.90
State Funds	15,550,517.75	-	-	15,550,517.75
Federal Funds	3,707,768.95	-	-	3,707,768.95
Charges for Services	559,142.78	-	-	559,142.78
Investment Earnings	419,560.75	137,530.09	8,689.81	565,780.65
Miscellaneous	1,047,841.72	-	-	1,047,841.72
Total Revenues	38,679,739.38	2,805,899.46	639,564.84	42,125,203.68
EXPENDITURES				
Current				
Instruction	14,706,179.65	290,217.04	-	14,996,396.69
Support Services				
Pupil Services	1,480,813.46	-	-	1,480,813.46
Improvement of Instructional Services	841,727.38	-	-	841,727.38
Educational Media Services	420,675.78	-	-	420,675.78
General Administration	601,896.00	-	-	601,896.00
School Administration	1,459,495.16	-	-	1,459,495.16
Business Administration	169,088.25	-	-	169,088.25
Maintenance and Operation of Plant	1,893,652.68	51,060.60	-	1,944,713.28
Student Transportation Services	599,732.26	-	-	599,732.26
Central Support Services	-	-	-	-
Other Support Services	12,941.14	-	-	12,941.14
Enterprise Operations	795,658.77	-	-	795,658.77
Community Services	-	-	-	-
Food Services Operation	1,459,188.73	-	-	1,459,188.73
Capital Outlay	921,797.07	670,262.61	-	1,592,059.68
Debt Services				
Principal	-	91,947.96	1,325,000.00	1,416,947.96
Bond Issuance Costs	-	-	-	-
Dues and Fees	-	-	4,046.25	4,046.25
Interest	-	8,598.14	414,500.00	423,098.14
Total Expenditures	25,362,846.33	1,112,086.35	1,743,546.25	28,218,478.93
Revenues over (under) Expenditures	13,316,893.05	1,693,813.11	(1,103,981.41)	13,906,724.75
OTHER FINANCING SOURCES (USES)				
Transfers In	-	916,475.38	311,448.06	1,227,923.44
Transfers Out	(1,227,923.44)	-	-	(1,227,923.44)
Total Other Financing Sources (Uses)	(1,227,923.44)	916,475.38	311,448.06	-
Net Change in Fund Balances	12,088,969.61	2,610,288.49	(792,533.35)	13,906,724.75
Fund Balances - Beginning	9,001,574.87	2,766,736.26	833,278.74	12,601,589.87
Fund Balances - Ending	\$ 21,090,544.48	\$ 5,377,024.75	\$ 40,745.39	\$ 26,508,314.62

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

Net change in fund balances total governmental funds (Exhibit "E")	\$	13,906,724.75
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense and amortization expense.</p>		
Capital outlay	\$ 1,621,395.40	
Right-to-use outlay	368.00	
Depreciation expense	(881,047.64)	
Amortization Expense	<u>(132,319.58)</u>	608,396.18
<p>Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		45,962.00
<p>Grants that are not available to pay for current period expenditures are deferred in the funds.</p>		
		20,980.43
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.</p>		
Lease liability proceeds	\$ (367.90)	
Amortization of deferred charge on refunding of bonds	(88,143.99)	
Bond principal retirements	1,325,000.00	
Lease liability payments	91,947.96	
Amortization of bond premium	<u>202,824.44</u>	1,531,260.51
<p>District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension expense	\$ (1,819,215.05)	
OPEB expense	<u>293,550.00</u>	(1,525,665.05)
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Net decrease in accrued interest		<u>15,158.06</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>14,602,816.88</u></u>

CITY OF COMMERCE BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u><u>13,914.44</u></u>
<u>NET POSITION</u>	
Held in Trust for Private Purposes	\$ <u><u>13,914.44</u></u>

UNAUDITED

CITY OF COMMERCE BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ 7.52
<u>DEDUCTIONS</u>	
Scholarships	1,000.00
Change in Net Position	(992.48)
Net Position - Beginning	14,906.92
Net Position - Ending	\$ 13,914.44

UNAUDITED

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

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

EXHIBIT "I"

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Private purpose trust fund accounts for endowments, under which principal and income benefits graduating seniors of the City of Commerce Board of Education.

Basis of Accounting

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

CITY OF COMMERCE BOARD OF EDUCATION **UNAUDITED** EXHIBIT "A"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

New Accounting Pronouncements

In fiscal year 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have a material impact on the School District's financial statements.

Cash and Cash Equivalents

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

Investments

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

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

CITY OF COMMERCE BOARD OF EDUCATION **UNAUDITED** EXHIBIT "I"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

Receivables

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

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

Inventories

Food Inventories

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

Capital Assets

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

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

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

UNAUDITED
 CITY OF COMMERCE BOARD OF EDUCATION EXHIBIT "I"
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000.00	20 to 80 years
Buildings and Improvements	\$ 10,000.00	25 to 80 years
Equipment	\$ 10,000.00	10 to 50 years
Intangible Assets	\$ 100,000.00	Individually Determined

Intangible Right-To-Use Assets

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

Capitalization thresholds of intangible right-to-use assets reported in the government-wide statements are as follows:

	Capitalization Policy
Land	Any Amount
Land Improvements	\$ 100,000.00
Buildings and Improvements	\$ 100,000.00
Equipment	\$ 100,000.00

Leases as Lessee

The School District is a lessee for noncancellable leases of school buses owned by 3rd parties.

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

UNAUDITED
CITY OF COMMERCE BOARD OF EDUCATION EXHIBIT "I"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Key estimates and judgments related to leases include how the School District determines (1) lease term, and (2) lease payments:

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the School District will make over the lease term.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

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

EXHIBIT "I"

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

Use of Estimates

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

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

Property Taxes

The Jackson County Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on October 4, 2022 (levy date) based on property values as of January 1, 2022. Taxes were due on December 20, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The Jackson County Tax Commissioner bills and collects the property taxes for the School District, withholds 2% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2023, for maintenance and operations amounted to \$16,830,876.60 and for school bonds amounted to \$623,862.49.

The tax millage rates levied for the 2022 tax digest year (calendar year) for the School District were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	16.928	mills
School Bonds	<u>2.000</u>	mills
	<u>18.928</u>	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$522,421.84 during fiscal year ended June 30, 2023.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$2,668,369.37 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

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

EXHIBIT "I"

Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget as approved by the Board of Education.

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

Collateralization of Deposits

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2023, the School District had deposits with a carrying amount of \$4,418,891.90, and a bank balance of \$5,217,430.78. The bank balances insured by Federal depository insurance were \$407,179.57 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$4,810,251.21.

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

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

Cash and cash equivalents		
Statement of Net Position	\$	26,476,112.91
Statement of Fiduciary Net Position		13,914.44
 Total cash and cash equivalents		 26,490,027.35
 Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		22,071,135.45
 Total carrying value of deposits - June 30, 2023	 \$	 <u><u>4,418,891.90</u></u>

Categorization of Cash Equivalents

The School District reported cash equivalents of \$22,071,135.45 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Fitch. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2023 was 28 days.

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

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

EXHIBIT "I"

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

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

	Balances July 1, 2022	Increases	Decreases	Transfers	Balances June 30, 2023
Governmental Activities					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 3,086,219.50	\$ -	\$ -	\$ -	\$ 3,086,219.50
Construction in Progress	519,910.00	1,580,017.34	-	(1,986,808.15)	113,119.19
Total Capital Assets					
Not Being Depreciated	3,606,129.50	1,580,017.34	-	(1,986,808.15)	3,199,338.69
Capital Assets,					
Being Depreciated					
Buildings and Improvements	34,281,838.95	-	-	942,365.15	35,224,204.10
Equipment	3,148,339.85	41,378.06	165,579.15	456,790.00	3,480,928.76
Land Improvements	2,221,807.17	-	-	587,653.00	2,809,460.17
Less Accumulated					
Depreciation:					
Buildings and Improvements	9,990,168.39	686,283.20	-	-	10,676,451.59
Equipment	1,824,461.16	89,838.49	165,579.15	-	1,748,720.50
Land Improvements	1,447,536.62	104,925.95	-	-	1,552,462.57
Total Capital Assets,					
Being Depreciated, Net	26,389,819.80	(839,669.58)	-	1,986,808.15	27,536,958.37
Governmental Activities					
Capital Assets - Net	\$ 29,995,949.30	\$ 740,347.76	\$ -	\$ -	\$ 30,736,297.06

Current year depreciation expense by function is as follows:

Instruction		\$ 846,050.70
Support Services		
General Administration	\$ 11,933.48	
Maintenance and Operation of Plant	5,457.61	
Student Transportation Services	682.18	18,073.27
Food Services		16,923.67
		\$ 881,047.64

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

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

	<u>Balances</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities				
Intangible Right-to-Use Assets				
Equipment	\$ 480,627.00	\$ 368.00	\$ -	\$ 480,995.00
Less Accumulated Amortization:				
Equipment	\$ <u>60,078.42</u>	\$ <u>132,319.58</u>	\$ <u>-</u>	\$ <u>192,398.00</u>
Governmental Activities				
Intangible Right-to-Use Assets - Net	\$ <u>420,548.58</u>	\$ <u>(131,951.58)</u>	\$ <u>-</u>	\$ <u>288,597.00</u>

Current year amortization expense by function is as follows:

Student Transportation Services	\$ <u>132,319.58</u>
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NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

Interfund Assets and Liabilities

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2023, consisted of the following:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 309,700.00	\$ -
Debt Service Fund	<u>-</u>	<u>309,700.00</u>
	\$ <u>309,700.00</u>	\$ <u>309,700.00</u>

The interfund balances derived from expenditures originally paid by the general fund for debt payments and to be reimbursed by the debt service fund.

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

Interfund Transfers

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

Transfers to	Transfers From General Fund
Capital Projects Fund	\$ 916,475.38
Debt Service Fund	311,448.06
Total	\$ 1,227,923.44

Transfers are used to move funds collected by the general fund to the capital projects fund and debt service fund to pay remaining debt service obligations and to correct cash accounts between the funds.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General Obligation (G.O.) Bonds	\$ 7,315,000.00	\$ -	\$ 1,090,000.00	\$ 6,225,000.00	\$ 1,130,000.00
Direct Placement Bonds	4,390,000.00	-	235,000.00	4,155,000.00	255,000.00
Unamortized Bond Premiums	1,227,820.00	-	202,824.44	1,024,995.56	198,894.79
Leases	380,081.00	367.90	91,947.96	288,500.94	94,025.99
	\$ 13,312,901.00	\$ 367.90	\$ 1,619,772.40	\$ 11,693,496.50	\$ 1,677,920.78

General Obligation Bonds

The School District’s bonded debt consists of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The School District repays general obligation bonds from voter-approved property and sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

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

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Refunding - Series 2016	2.00 - 4.00%	5/25/2016	8/1/2027	\$ 8,460,000.00	\$ 6,225,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2024	\$ 1,130,000.00	\$ 226,400.00	\$ 119,549.41
2025	1,180,000.00	180,200.00	119,549.41
2026	1,245,000.00	131,700.00	119,549.41
2027	1,305,000.00	80,700.00	119,549.41
2028	1,365,000.00	27,300.00	59,774.71
Total Principal and Interest	\$ 6,225,000.00	\$ 646,300.00	\$ 537,972.35

Direct Placement Bonds

In April 2021, the School District issued \$4,640,000.00 of Series 2021 direct placement bonds which mature February 1, 2033 and bear interest at rates from 2% to 4%. The proceeds of the bond were used to pay off the School District's energy efficiency lease (financed purchases).

The School District's outstanding direct placement bonds of \$4,155,000.00 contain a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make a payment.

Direct placement bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government- Series 2021	2.00 - 4.00%	4/27/2021	2/1/2033	\$ 4,640,000.00	\$ 4,155,000.00

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

The following schedule details debt service requirements to maturity for the School District’s total direct placement bonds payable:

<u>Fiscal Year Ended June 30:</u>	<u>Direct Placement Bond Debt</u>		<u>Unamortized</u>
	<u>Principal</u>	<u>Interest</u>	<u>Bond Premium</u>
2024	\$ 255,000.00	\$ 142,350.00	\$ 79,345.38
2025	275,000.00	134,700.00	75,081.00
2026	300,000.00	123,700.00	68,950.00
2027	330,000.00	111,700.00	62,261.00
2028	355,000.00	98,500.00	54,904.00
2029 - 2033	<u>2,640,000.00</u>	<u>262,800.00</u>	<u>146,481.83</u>
Total Principal and Interest	<u>\$ 4,155,000.00</u>	<u>\$ 873,750.00</u>	<u>\$ 487,023.21</u>

Leases

The School District has acquired school buses under the provisions of various contracts that convey control of the right to use another entity’s asset for a period of time in an exchange or exchange-like transaction. The contracts are classified as leases for accounting purposes.

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

	<u>Governmental Activities</u>
Equipment	\$ 480,995.00
Less: Accumulated Amortization	<u>192,398.00</u>
	<u>\$ 288,597.00</u>

Leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
BiCapital Bus Lease	2.26%	8/16/2021	8/16/2025	\$ <u>480,995.00</u>	\$ <u>288,500.94</u>

The following is a schedule of total lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 94,025.99	\$ 6,520.11
2025	96,150.97	4,395.13
2026	<u>98,323.98</u>	<u>2,222.12</u>
Total Principal and Interest	<u>\$ 288,500.94</u>	<u>\$ 13,137.36</u>

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

The School District has elected to self-insure for losses related to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

Workers' Compensation

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program to reduce the risk of loss from employee accidents. The School District pays an annual contribution to the Fund for coverage. The Fund provides statutory limits of coverage for Workers' Compensation coverage and a \$2,000,000 limit per occurrence for Employers' Liability coverage. Excess insurance coverage is provided through an agreement between the Fund and the Safety National Casualty Corporation to limit the Fund's exposure to large losses.

Unemployment Compensation

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2022	\$ -	\$ 4,745.00	\$ 4,745.00	\$ -
2023	\$ -	\$ -	\$ -	\$ -

Surety Bond

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ <u>100,000.00</u>

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

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable			
Inventories		\$	45,423.41
Restricted			
Continuation of Federal Programs	\$	571,689.08	
Capital Projects		4,163,270.14	
Debt Service		1,254,500.00	5,989,459.22
Assigned			
School Activity Accounts			267,215.73
Unassigned			20,206,216.26
			<hr/>
Fund Balance, June 30, 2023	\$		<u>26,508,314.62</u>

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

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

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

EXHIBIT "I"

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$410,828.00 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2023, the School District reported a liability of \$10,178,887.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the School District's proportion was 0.102784%, which was an increase of 0.008142% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$117,278.00. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 406,296.00	\$ 4,000,611.00
Changes of assumptions	1,550,265.00	2,058,694.00
Net difference between projected and actual earnings on OPEB plan investments	62,088.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,608,137.00	-
School District contributions subsequent to the measurement date	410,828.00	-
Total	\$ 4,037,614.00	\$ 6,059,305.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2024	\$ (622,436.00)
2025	\$ (557,023.00)
2026	\$ (426,403.00)
2027	\$ (606,694.00)
2028	\$ (213,214.00)
Thereafter	\$ (6,749.00)

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

Actuarial Assumptions: The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	5.00%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

The Plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled or not disabled) as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General

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

Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 104% for males and 99% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	2.00%
Equities	70.00%	9.20%
Total	100.00%	

* Net of inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.57% was used as the discount rate, as compared with last year's rate of 2.20%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (3.54% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2128.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.57%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.57%) or 1-percentage-point higher (4.57%) than the current discount rate:

	1% Decrease (2.57%)	Current Discount Rate (3.57%)	1% Increase (4.57%)
School District's proportionate share of the Net OPEB liability	\$ 11,513,543.00	\$ 10,178,887.00	\$ 9,047,707.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 8,770,328.00	\$ 10,178,887.00	\$ 11,910,000.00

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

NOTE 12: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

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

EXHIBIT "I"

compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll, of which 19.73% of payroll was required from the School District and 0.25% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$2,251,132.83 and \$25,777.26 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$15.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$22,226.00.

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

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

At June 30, 2023, the School District reported a liability of \$24,917,663.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	\$	24,917,663.00
State of Georgia's proportionate share of the net pension liability associated with the School District		<u>299,391.00</u>
Total	\$	<u>25,217,054.00</u>

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

At June 30, 2022, the School District's TRS proportion was 0.076736%, which was an increase of 0.007538% from its proportion measured as of June 30, 2021.

At June 30, 2023, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$171,534.00.

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

For the year ended June 30, 2023, the School District recognized pension expense of \$4,103,261.88 for TRS and \$43,106.00 for PSERS and revenue of \$32,914.00 for TRS and \$43,106.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,034,338.00	\$ 129,702.00
Changes of assumptions	3,750,903.00	-
Net difference between projected and actual earnings on pension plan investments	4,895,612.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,161,703.00	268,105.00
School District contributions subsequent to the measurement date	2,251,132.83	-
Total	\$ 13,093,688.83	\$ 397,807.00

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2024	\$ 2,864,864.00
2025	\$ 2,174,183.00
2026	\$ 1,663,653.00
2027	\$ 3,742,049.00

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

Actuarial Assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00% – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

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

Public School Employees Retirement System:

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

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

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

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

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plan's fiduciary net position were projected to be

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

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

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 37,592,501.00	\$ 24,917,663.00	\$ 14,566,981.00

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at www.trsga.com/publications and www.ers.ga.gov/financials.

NOTE 13: TAX ABATEMENTS

The Jackson County Industrial Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to City of Commerce.

For the fiscal year ended June 30, 2023, Jackson Industrial Development Authority abated property taxes due to the School District that were levied on October 4, 2022 and due on December 20, 2022 totaling \$4,621,414.61 resulting in a payment in lieu of taxes \$2,580,385.00.

UNAUDITED

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UNAUDITED

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.076736%	\$ 24,917,663.00	\$ 299,391.00	\$ 25,217,054.00	\$ 10,584,961.86	235.41%	72.85%
2022	0.069198%	\$ 6,120,102.00	\$ 77,299.00	\$ 6,197,401.00	\$ 9,114,974.00	67.14%	92.03%
2021	0.071521%	\$ 17,325,186.00	\$ 210,264.00	\$ 17,535,450.00	\$ 9,332,966.31	185.63%	77.01%
2020	0.070866%	\$ 15,238,106.00	\$ 193,739.00	\$ 15,431,845.00	\$ 8,758,504.84	173.98%	78.56%
2019	0.069609%	\$ 12,920,921.00	\$ 177,454.00	\$ 13,098,375.00	\$ 8,404,802.88	153.73%	80.27%
2018	0.065685%	\$ 12,207,760.00	\$ 221,723.00	\$ 12,429,483.00	\$ 7,690,399.37	158.74%	79.33%
2017	0.062411%	\$ 12,876,085.00	\$ 337,319.00	\$ 13,213,404.00	\$ 7,025,167.41	183.29%	76.06%
2016	0.063220%	\$ 9,624,617.00	\$ 262,310.00	\$ 9,886,927.00	\$ 6,830,218.78	140.91%	81.44%
2015	0.067276%	\$ 8,499,435.00	\$ 227,406.00	\$ 8,726,841.00	\$ 7,047,079.00	120.61%	84.03%

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

SCHEDULE "2"

<u>For the Year Ended June 30</u>	<u>Contractually required contribution (1)</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>School District's covered payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2023	\$ 2,251,132.83	\$ 2,251,132.83	\$ -	\$ 11,408,512.63	19.73%
2022	\$ 2,072,181.88	\$ 2,072,181.88	\$ -	\$ 10,584,961.86	19.58%
2021	\$ 1,737,314.00	\$ 1,737,314.00	\$ -	\$ 9,114,974.00	19.06%
2020	\$ 1,949,341.00	\$ 1,949,341.00	\$ -	\$ 9,332,966.31	20.89%
2019	\$ 1,807,549.26	\$ 1,807,549.26	\$ -	\$ 8,758,504.84	20.64%
2018	\$ 1,393,707.89	\$ 1,393,707.89	\$ -	\$ 8,404,802.88	16.58%
2017	\$ 1,076,549.57	\$ 1,076,549.57	\$ -	\$ 7,690,399.37	14.00%
2016	\$ 977,302.25	\$ 977,302.25	\$ -	\$ 7,025,167.41	13.91%
2015	\$ 898,173.77	\$ 898,173.77	\$ -	\$ 6,830,218.78	13.15%
2014	\$ 865,381.30	\$ 865,381.30	\$ -	\$ 7,047,079.10	12.28%

(1) For years ended 2014-2015 and 2021, the contractually required contribution amount includes amounts paid by the State of Georgia on behalf of the City of Commerce Board of Education.

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

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.00%	\$ -	\$ 171,534.00	\$ 171,534.00	\$ 222,810.51	N/A	81.21%
2022	0.00%	\$ -	\$ 18,245.00	\$ 18,245.00	\$ 178,430.96	N/A	98.00%
2021	0.00%	\$ -	\$ 121,933.00	\$ 121,933.00	\$ 192,153.57	N/A	84.45%
2020	0.00%	\$ -	\$ 104,983.00	\$ 104,983.00	\$ 192,153.57	N/A	85.02%
2019	0.00%	\$ -	\$ 108,508.00	\$ 108,508.00	\$ 152,443.61	N/A	85.26%
2018	0.00%	\$ -	\$ 93,938.00	\$ 93,938.00	\$ 154,947.17	N/A	85.69%
2017	0.00%	\$ -	\$ 113,546.00	\$ 113,546.00	\$ 257,124.90	N/A	81.00%
2016	0.00%	\$ -	\$ 62,418.00	\$ 62,418.00	\$ 253,162.00	N/A	87.00%
2015	0.00%	\$ -	\$ 98,846.00	\$ 98,846.00	\$ 249,942.00	N/A	88.29%

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

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.102784%	\$ 10,178,887.00	\$ -	\$ 10,178,887.00	\$ 9,882,618.08	103.00%	6.17%
2022	0.094642%	\$ 10,250,512.00	\$ -	\$ 10,250,512.00	\$ 8,382,661.00	122.28%	6.14%
2021	0.093544%	\$ 13,739,435.00	\$ -	\$ 13,739,435.00	\$ 8,211,644.00	167.32%	3.99%
2020	0.092655%	\$ 11,370,756.00	\$ -	\$ 11,370,756.00	\$ 7,655,052.90	148.54%	4.63%
2019	0.090399%	\$ 11,489,436.00	\$ -	\$ 11,489,436.00	\$ 7,282,054.62	157.78%	2.93%
2018	0.085784%	\$ 12,052,617.00	\$ -	\$ 12,052,617.00	\$ 6,321,757.92	190.65%	1.61%

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

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2023	\$ 410,828.00	\$ 410,828.00	\$ -	\$ 10,439,878.76	3.94%
2022	\$ 371,642.00	\$ 371,642.00	\$ -	\$ 9,882,618.08	3.76%
2021	\$ 352,052.00	\$ 352,052.00	\$ -	\$ 8,382,661.00	4.20%
2020	\$ 316,344.00	\$ 316,344.00	\$ -	\$ 8,211,644.17	3.85%
2019	\$ 499,011.00	\$ 499,011.00	\$ -	\$ 7,655,052.90	6.52%
2018	\$ 468,527.00	\$ 468,527.00	\$ -	\$ 7,282,054.62	6.43%
2017	\$ 447,283.00	\$ 447,283.00	\$ -	\$ 6,321,757.92	7.08%

Teachers Retirement System

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

Changes of assumptions: On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

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

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

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

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

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

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

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

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

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

CITY OF COMMERCE BOARD OF EDUCATION
GENERAL FUND

SCHEDULE "7"

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

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 5,441,643.00	\$ 5,441,643.00	\$ 17,353,298.44	\$ 11,911,655.44
Sales Taxes	-	-	41,608.99	41,608.99
State Funds	14,395,327.42	14,620,805.42	15,550,517.75	929,712.33
Federal Funds	1,357,380.00	1,931,053.00	3,707,768.95	1,776,715.95
Charges for Services	341,800.00	365,800.00	559,142.78	193,342.78
Investment Earnings	-	65,000.00	419,560.75	354,560.75
Miscellaneous	114,000.00	444,625.75	1,047,841.72	603,215.97
Total Revenues	21,650,150.42	22,868,927.17	38,679,739.38	15,810,812.21
EXPENDITURES				
Current				
Instruction	14,170,926.42	14,342,755.39	14,706,179.65	(363,424.26)
Support Services				
Pupil Services	969,695.55	1,145,798.13	1,480,813.46	(335,015.33)
Improvement of Instructional Services	1,303,606.00	1,323,792.00	841,727.38	482,064.62
Educational Media Services	413,417.00	413,417.00	420,675.78	(7,258.78)
General Administration	577,306.00	588,573.51	601,896.00	(13,322.49)
School Administration	1,302,481.00	1,302,481.00	1,459,495.16	(157,014.16)
Business Administration	199,976.00	200,711.02	169,088.25	31,622.77
Maintenance and Operation of Plant	1,775,196.00	1,984,301.23	1,893,652.68	90,648.55
Student Transportation Services	620,870.00	662,719.07	599,732.26	62,986.81
Other Support Services	15,500.00	15,500.00	12,941.14	2,558.86
Food Services Operation	1,326,288.00	1,357,155.90	1,459,188.73	(102,032.83)
Enterprise Operations	-	-	795,658.77	(795,658.77)
Capital Outlay	863,088.00	774,169.87	921,797.07	(147,627.20)
Total Expenditures	23,538,349.97	24,111,374.12	25,362,846.33	(1,251,472.21)
Excess of Revenues over (under) Expenditures	(1,888,199.55)	(1,242,446.95)	13,316,893.05	14,559,340.00
OTHER FINANCING (USES)				
Transfers Out	-	-	(1,227,923.44)	(1,227,923.44)
Net Change in Fund Balances	(1,888,199.55)	(1,242,446.95)	12,088,969.61	13,331,416.56
Fund Balances - Beginning	9,519,101.10	9,519,101.10	9,001,574.87	(517,526.23)
Adjustments	13,088.26	259,015.95	-	(259,015.95)
Fund Balances - Ending	\$ 7,643,989.81	\$ 8,535,670.10	\$ 21,090,544.48	\$ 12,554,874.38

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$836,052.43 and \$891,754.60, respectively.

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

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

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	235GA324N1199	\$ 261,045.12
National School Lunch Program	10.555	235GA324N1199	1,024,933.60
COVID-19 - National School Lunch Program	10.555	235GA324N1099	58,597.48
Total Child Nutrition Cluster			<u>1,344,576.20</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	235GA904N2533	2,152.26
Total U. S. Department of Agriculture			<u>1,346,728.46</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	165,891.00
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	171,507.12
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,390,076.82
Total Education Stabilization Fund			<u>1,727,474.94</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A210073	127,188.66
Grants to States	84.027A	H027A220073	296,536.92
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	35,497.92
Preschool Grants	84.173A	H173A220081	11,020.00
Total Special Education Cluster			<u>470,243.50</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A220010	17,076.42
English Language Acquisition State Grants	84.365A	S365A210010	109.00
English Language Acquisition State Grants	84.365A	S365A220010	10,338.44
Student Support and Academic Enrichment Program	84.424A	S424A220011	20,633.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	8,627.00
Supporting Effective Instruction State Grants	84.367A	S367A220001	21,038.11
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	83,048.83
Title I Grants to Local Educational Agencies	84.010A	S010A220010	232,099.11
Total Other Programs			<u>392,969.91</u>
Total U. S. Department of Education			<u>2,590,688.35</u>
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	2310GACCC5	15,000.00
Total Expenditures of Federal Awards			<u>\$ 3,952,416.81</u>

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

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Commerce Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

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

SCHEDULE "9"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE</u>
GRANTS	<u>GENERAL FUND</u>
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 315,393.42
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	501,802.00
Kindergarten Program - Early Intervention Program	269,687.00
Primary Grades (1-3) Program	1,411,700.00
Primary Grades - Early Intervention (1-3) Program	632,872.00
Upper Elementary Grades (4-5) Program	600,385.00
Upper Elementary Grades - Early Intervention (4-5) Program	424,561.00
Middle School (6-8) Program	1,252,682.00
High School General Education (9-12) Program	1,083,748.00
Vocational Laboratory (9-12) Program	403,186.00
Students with Disabilities	2,057,617.00
Gifted Student - Category VI	442,521.00
Remedial Education Program	212,273.00
Alternative Education Program	90,067.00
English Speakers of Other Languages (ESOL)	239,317.00
Media Center Program	238,960.00
20 Days Additional Instruction	72,027.00
Staff and Professional Development	43,642.00
Principal Staff and Professional Development	1,260.00
Indirect Cost	
Central Administration	471,775.00
School Administration	602,221.00
Facility Maintenance and Operations	472,815.00
One Time QBE Adjustment	495,030.00
Categorical Grants	
Pupil Transportation	
Regular	94,773.00
Nursing Services	45,946.00
Education Equalization Funding Grant	2,623,020.00
Other State Programs	
Agriculture Construction Related Equipment - State Bonds	87,580.65
Charter Schools Grant	192,677.00
Food Services	44,759.00
Hygiene Products	1,491.00
Math and Science Supplements	5,725.42
Preschool Disability Services	25,024.00
Teachers Retirement	25,777.26
Vocational Education	38,810.00
Vocational Supervisors	7,167.00
Office of the State Treasurer	
Public School Employees Retirement	22,226.00
	\$ 15,550,517.75

UNAUDITED

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

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
SPLOST 2016			
Paying a portion of the debt on the outstanding Series 2007 and 2009 General Obligation Bonds previously issued by the City of Commerce Board of Education;	\$ 7,650,000.00	\$ 3,398,770.80	Completed
Adding to, renovating, repairing, improving and equipping existing school buildings or other buildings or facilities useful or desirable in connection therewith, but not limited to HVAC and elementary gymnasium;	10,092,000.00	8,990,000.00	6/30/2024
Acquiring school buses, school vehicles and transportation equipment;	400,000.00	410,000.00	6/30/2024
Acquiring textbooks and band instruments;	200,000.00	300,000.00	6/30/2024
Acquiring new technology and safety and security equipment and other school equipment;	1,500,000.00	1,400,000.00	6/30/2024
Acquiring land; and	100,000.00	2,600,000.00	6/30/2024
Acquiring any property necessary or desirable therefore, both real and personal.	150,000.00	150,000.00	6/30/2024
Subtotal 2016 Projects	<u>20,092,000.00</u>	<u>17,248,770.80</u>	
SPLOST 2021			
Acquiring land;	100,000.00	100,000.00	4/1/2026
Demolishing, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities;	753,403.00	773,403.00	4/1/2026
Purchasing and refurbishing school buses and other transportation and maintenance vehicles;	400,000.00	600,000.00	4/1/2026
Making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with textbooks, library books and other media;	200,000.00	200,000.00	4/1/2026
Modernizing technology and making system-wide technology improvements;	1,500,000.00	1,300,000.00	4/1/2026
Acquiring, constructing and equipping new school buildings and other buildings or facilities useful or desirable in connection therewith; and	2,000,000.00	1,980,000.00	4/1/2026
Paying a portion of the debt service on the Series 2007 and 2016 general obligation bonds of the Commerce City School District.	7,988,000.00	7,988,000.00	4/1/2026
Subtotal 2021 Projects	<u>12,941,403.00</u>	<u>12,941,403.00</u>	
Total	<u>\$ 33,033,403.00</u>	<u>\$ 30,190,173.80</u>	

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

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
SPLOST 2016				
Paying a portion of the debt on the outstanding Series 2007 and 2009 General Obligation Bonds previously issued by the City of Commerce Board of Education;	\$ -	\$ 3,398,770.80	\$ 3,398,770.80	\$ -
Adding to, renovating, repairing, improving and equipping existing school buildings or other buildings or facilities useful or desirable in connection therewith, but not limited to HVAC and elementary gymnasium;	721,323.21	283,660.54	-	-
Acquiring school buses, school vehicles and transportation equipment;	100,546.10	304,981.10	-	-
Acquiring textbooks and band instruments;	255,372.14	29,233.00	-	-
Acquiring new technology and safety and security equipment and other school equipment;	34,844.90	284,653.90	-	-
Acquiring land; and	-	2,522,515.70	-	-
Acquiring any property necessary or desirable therefore, both real and personal.	-	-	-	-
Subtotal 2016 Projects	<u>1,112,086.35</u>	<u>6,823,815.04</u>	<u>3,398,770.80</u>	<u>-</u>
SPLOST 2021				
Acquiring land;	-	-	-	-
Demolishing, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities;	384,400.00	367,515.56	-	-
Purchasing and refurbishing school buses and other transportation and maintenance vehicles;	-	480,627.00	-	-
Making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with textbooks, library books and other media;	-	-	-	-
Modernizing technology and making system-wide technology improvements;	-	-	-	-
Acquiring, constructing and equipping new school buildings and other buildings or facilities useful or desirable in connection therewith; and	-	-	-	-
Paying a portion of the debt service on the Series 2007 and 2016 general obligation bonds of the Commerce City School District.	1,359,146.25	1,327,358.53	-	-
Subtotal 2021 Projects	<u>1,743,546.25</u>	<u>2,175,501.09</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,855,632.60</u>	<u>\$ 8,999,316.13</u>	<u>\$ 3,398,770.80</u>	<u>\$ -</u>

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
 (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
 (3) The voters of City of Commerce approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.
 Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

APPENDIX B

SUMMARY OF INDENTURE
AND
INTERGOVERNMENTAL INSTALLMENT SALE AGREEMENT

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND INTERGOVERNMENTAL INSTALLMENT SALE AGREEMENT

DEFINITIONS OF CERTAIN TERMS

The following is a summary of the definitions of certain terms contained in the Trust Indenture and Intergovernmental Installment Sale Agreement and used in this Official Statement.

“Act” and “Authority Act” mean an act of the General Assembly of the State of Georgia (Ga. Laws 2013, page 4263, et seq.), as amended.

“Authorized District Representative” means the Finance Director of the District or any other individual designated to the Trustee by a certificate signed by the Chairman of the Board of Education of the City of Commerce to represent the District, which certificate shall set forth the specimen signature of such person or persons.

“Authorized Denominations” means \$5,000 and any integral multiple of \$5,000 in excess thereof.

“Authorized Issuer Representative” means the Chairman or Secretary of the Issuer or any other individual designated to the Trustee by a certificate signed by the Chairman or Vice Chairman of the Issuer to represent the Issuer, and consented to by the District, which certificate shall set forth the specimen signature of such person or persons.

“Bond Counsel” shall mean an attorney or firm of attorneys, selected by the Issuer, of national recognition experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Fund” means the City of Commerce Public Facilities Authority Bond Fund – School District of the City of Commerce Project created pursuant to the Indenture.

“Bond Register” means the bond registration books of the Issuer with respect to the Bonds kept by the Trustee, as Bond Registrar.

“Bond Registrar” means the Trustee.

“Bond Year” means for the first year the period beginning on _____, 2024 and ending on August 1, 2025, and for every year thereafter the period commencing on August 2 in each year and ending on August 1 in the following year.

“Business Day” means any day other than (a) a Saturday, Sunday or other day on which commercial banks located in Atlanta, Georgia or New York, New York are authorized by law to close or (b) a day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended, and the temporary, proposed or final regulations promulgated thereunder and applicable thereto.

“Completion Date” means the date of completion of the Project, as that date shall be certified to the Trustee as provided in Section 503 of the Indenture.

“Counsel” means an attorney, or firm thereof, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia.

“Debt Service Requirement” means, for any period, the total principal and interest coming due on the Bonds during such period; provided, however interest on any Bonds shall be excluded from the calculation of Debt Service Requirement to the extent such interest is or was provided from the proceeds of the sale of such Bonds.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Defeasance Securities” means (a) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, (b) obligations issued by U.S. government agencies or subsidiary corporations, in either case as to which the full and timely payment of the principal of, premium, if any, and the interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (c) collateralized repurchase agreements secured by a deposit with an independent custodian of securities described in (a) and (b), provided that:

- (i) the repurchase agreement must be between the Trustee, the Issuer or both, on the one hand, and a bank or other financial institution, on the other hand, which is, or whose obligations are unconditionally guaranteed by, an institution rated not less than “A” by each Rating Agency;
- (ii) the agreement must be in writing and must provide for the transfer of the collateral to the Trustee, or to an independent third party custodian acting as agent for the Trustee;
- (iii) the agreement must provide for the collateral to be valued not less than weekly, at the market value of the market price plus accrued interest, and the value must equal not less than 104 percent; and
- (iv) in the event that the market value of the securities held as collateral is less than the required margin percentage, the agreement must provide for the transfer of additional cash or collateral securities to the Trustee or its agent.

“Event of Default” means any of the events specified herein in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies.”

“Indenture” means the Trust Indenture, dated as of December 1, 2024, between the Issuer and the Trustee, and any amendments or indentures supplemental thereto.

“Independent Counsel” means any Counsel not an employee on a full-time basis of the Issuer or of the District (but who or which may be regularly retained by either).

“Installment Sale Agreement” means the Intergovernmental Installment Sale Agreement, dated as of December 1, 2024, between the Issuer and the District.

“Installment Sale Agreement Payments” or “Installment Sale Agreement Payment” means an amount equal to the principal of and the interest on the Series 2024 Bonds coming due on the next succeeding August 1 and an amount equal to the interest on the Series 2024 Bonds coming due on the next succeeding February 1 in each year; provided, however, the District shall receive a credit against any required Installment Sale Agreement Payment to the extent moneys are on deposit in the Bond Fund and available to pay debt service on the Series 2024 Bonds coming due on the next succeeding February 1 or August 1, as the case may be, plus the charges as billed specified in subparagraphs (v), (vi) and (vii) of Section 602(d) of the Indenture, and any deficit in any preceding Installment Sale Agreement Payment.

“Interest Payment Date” means February 1 and August 1 of each year commencing August 1, 2025.

“Issuer” means the City of Commerce Public Facilities Authority, a public body corporate and politic created and existing pursuant to the Act, and its successors and assigns.

“Outstanding” when used with respect to the Bonds, means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled because of payment at, or purchase or redemption prior to, maturity;
- (b) Bonds for the payment or redemption of which cash funds (or Defeasance Securities to the extent permitted in the Indenture) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;
- (c) Bonds in lieu of which others have been authenticated under Section 209 of the Indenture, unless proof satisfactory to the Trustee and the Issuer is presented that any such Bond is held by a bona fide holder in due course; and
- (d) for purposes of any consent or other action to be taken by the Owners of a specified percentage of outstanding Bonds under the Indenture, all Bonds held by or for the account of the Issuer; provided, however, that only Bonds which the Trustee knows to be so owned shall be disregarded unless all Bonds are owned by the Issuer or any affiliate thereof and/or held by the Trustee for the account of the Issuer and/or an affiliate thereof, in which case such Bonds shall be considered outstanding for the purpose of such determination.

“Owner” or “owner” means the registered owner of any Bond.

“Payment in full of the Bonds” specifically encompasses the situations referred to herein under “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE - Defeasance of Bonds.”

“Permitted Investments” shall mean and include any one or more of the following investments:

- (a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated;
- (b) bonds or obligations of the State or other counties, municipal corporations, and political subdivisions of the State.
- (c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;
- (d) obligations of agencies of the United States government issued by the Federal Home Loan Bank;
- (e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;
- (f) certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within

the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds, provided the portion of the certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, must be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or of any county or municipal corporation in the State, obligations of the United States or subsidiary corporations described in (c) above, obligations of the agencies of the United States government described in (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (e) above;

- (g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof (including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise) so long as:
 - (i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations described in paragraph (c) above and repurchase agreements fully collateralized by any such obligations,
 - (ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian (without considering subcategories),
 - (iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value, and
 - (iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State; and
- (h) any other investments permitted by law.

“Person” or “person” means any natural person, corporation, cooperative, limited liability company, partnership, trust or unincorporated organization, government or governmental body or agency, political subdivision or other legal entity as in the context may be appropriate.

“Pledged Revenues” means and includes:

- (a) all payments received or to be received by the Issuer pursuant to the Installment Sale Agreement; and
- (b) investment earnings on the foregoing and on any funds and accounts established pursuant to the Indenture.

“Principal Office” when referring to the Trustee, means the office where the Trustee conducts the administration of the trusts created under the Indenture or such other corporate trust office designated by the Trustee

in writing to the Issuer, and when referring to any other Person, means the office thereof designated in writing to the Trustee and the Issuer, or such other address as may be provided by the Trustee.

“Project Fund” means the City of Commerce Public Facilities Authority Project Fund created pursuant to Section 502 of the Indenture.

“Project” has the meaning assigned thereto in the preamble to the Installment Sale Agreement.

“Record Date” means the 15th day of the calendar month preceding the calendar month of each Interest Payment Date.

“Revenue Bond Law” means the Revenue Bond Law, Title 36, Chapter 82, Article 3 of the Official Code of Georgia Annotated, as amended, and as same may hereafter be amended from time to time.

“Series 2024 Bonds” or “Bonds” means the \$8,310,000* aggregate principal amount City of Commerce Public Facilities Authority Revenue Bonds (School District of the City of Commerce Project), Series 2024 authorized to be issued pursuant to the terms of the Indenture.

“State” means the State of Georgia.

“Trustee” means Regions Bank, Atlanta, Georgia, and its permitted successors and assigns under the Indenture.

SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS

Following are summaries of certain provisions of the Trust Indenture and the Installment Sale Agreement. These summaries are not complete recitals of the aforementioned documents and reference should be made to such documents for their complete terms. Words and terms used in these summaries and not defined herein shall have the same meanings as in the Trust Indenture and the Installment Sale Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT SALE AGREEMENT

The following, in addition to the information contained in the Official Statement, is a summary of certain provisions of the Installment Sale Agreement. This summary does not purport to be complete and is qualified in its entirety by express reference to the Installment Sale Agreement, copies of which are on file in the offices of the Issuer and the District.

Term

The Installment Sale Agreement is dated as of December 1, 2024 but shall become effective as of the date of the issuance and delivery of the Series 2024 Bonds and, subject to the other provisions of the Installment Sale Agreement (including particularly with respect to Events of Default), shall expire August 1, 2033, or if at said time and on said date all of the Series 2024 Bonds have not been paid in full as to principal, interest and premium, if any, or provisions for the payment thereof shall have been duly provided for then on such date as such payment shall have been made, but in no event in excess of 50 years from the date of the Installment Sale Agreement.

Installment Sale Agreement Payments

On or before each January 10 and July 10 prior to each date on which a payment is due on the Series 2024 Bonds, commencing on July 10, 2025, the District shall make the Installment Sale Agreement Payments to the Issuer. If such date is prior to any August 1, the District shall pay an amount sufficient to enable the Issuer to pay in full the principal of and interest on the Series 2024 Bonds coming due on August 1, and if such date is prior to any February 1, the District shall pay an amount sufficient to enable the Issuer to pay in full the interest on the Series 2024 Bonds coming due on February 1, and such Installment Sale Agreement Payments shall continue until provision has been made for the payment in full of the Series 2024 Bonds as to principal, interest and premium, if

any. The District shall receive a credit against any required Installment Sale Agreement Payment to the extent moneys are on deposit in the Bond Fund and available to pay debt service on the Series 2024 Bonds. The Installment Sale Agreement Payments provided for in the Installment Sale Agreement shall be made by payment directly to the Trustee for deposit into the Bond Fund. In addition, the District shall pay to the Trustee the amounts billed which are specified in subparagraphs (v), (vi) and (vii) of Section 602(d) of the Indenture and described herein under “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE - Bond Fund), which amounts shall be paid when billed.

The District will also pay all costs of operating and maintaining the Project and any taxes or governmental charges of any kind whatsoever that may levied against the Project. The District will also pay any costs payable for transfers and exchanges of the Bonds and the expenses for printing any temporary Bonds.

Obligations of the District Absolute and Unconditional

The obligations of the District to make the Installment Sale Agreement Payments required and to perform and observe any and all of the other covenants and agreements on its part contained in the Installment Sale Agreement shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim it may otherwise have against the Issuer. Until such time as the principal of and interest on the Series 2024 Bonds outstanding under the Indenture shall have been paid in full or provision for the payment thereof shall have been made in accordance with the Indenture, the District (i) will not suspend, abate, reduce, abrogate, diminish, postpone, modify or discontinue the Installment Sale Agreement Payments provided for in the Installment Sale Agreement, (ii) will perform and observe all of its other agreements contained in the Installment Sale Agreement, and (iii) will not terminate the Term of the Installment Sale Agreement or its obligations thereunder for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances: that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Georgia or any political subdivision of either, any declaration or finding that any of the Series 2024 Bonds are unenforceable or invalid, the invalidity of any provision of the Installment Sale Agreement, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Installment Sale Agreement or the Indenture. Nothing shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Installment Sale Agreement or in the Indenture; and if the Issuer should fail to perform any such agreement, the District may institute such action against the Issuer as the District may deem necessary to compel performance or recover its damages for nonperformance as long as such action shall not do violence to or adversely affect the agreements on the part of the District contained in the Installment Sale Agreement and to make the Installment Sale Agreement Payments specified therein. The District may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to ensure the construction, installation and equipping of the Project or to secure or protect its rights under the Installment Sale Agreement, and in such event the Issuer agrees to cooperate to the extent required so long as the Issuer’s interests in the Project would not be adversely affected.

Security for Installment Sale Agreement Payments

The obligation of the District to make the Installment Sale Agreement Payments when due, and to perform its other obligations under the Installment Sale Agreement, are absolute and unconditional contractual obligations of the District as therein provided, and the District has pledged its full faith and credit and taxing power to such payment and performance. The Installment Sale Agreement Payments are required to be made first from any lawfully available funds and secondly from moneys derived pursuant to the levy of an ad valorem tax as provided in the Installment Sale Agreement. In the event the amount of funds lawfully available is not sufficient to pay the Installment Sale Agreement Payments when due in any year, the District is required to make provision for the levy an ad valorem tax on all taxable property located within the boundaries of the District subject to taxation for such purposes, at such rate or rates as may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the District’s obligations under the Installment Sale Agreement, from which revenues there shall be appropriated sums sufficient to pay in full when due the obligations therein contracted to be paid by the District including specifically the obligation to make the Installment Sale Agreement Payments as provided in the

Installment Sale Agreement. The District has created a lien on any and all revenues realized by it pursuant to the provisions of the Installment Sale Agreement to enable it to make the Installment Sale Agreement Payments and such lien is superior to any that can hereafter be made.

The District has further covenanted and agreed that in order to make funds available for such purpose, it will, in its general revenue, appropriation and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such Installment Sale Agreement Payments that may be required to be made, whether or not any other sums are included in such measure, until all payments so required to be made shall have been made in full. The obligation of the District to make the Installment Sale Agreement Payments shall constitute an unlimited contractual obligation of the District and a pledge of the full faith and credit of the District to provide the funds required to fulfill such obligation; provided, however, the District may pay the obligations thereunder assumed out of its general funds or from other sources lawfully available to it for such purpose.

The Series 2024 Bonds are also payable from any state appropriation to which the District may be entitled, which the State of Georgia Board of Education (the "State Board") is required to withhold from the District and transfer to the Trustee (as Paying Agent for the Series 2024 Bonds) upon receipt by the State Board of notification by the Paying Agent that the District has failed to effect the punctual payment of the principal of or interest on the Series 2024 Bonds by failing to make an Installment Sale Agreement Payment required under the terms of the Installment Sale Agreement as set forth above.

Insurance

The District is required to cause to be maintained all necessary insurance with respect to the Project in accordance with its customary insurance practices.

Operation and Maintenance of Project

The District will cause the Project to be operated and maintained in good repair and will be responsible for maintaining and operating the Project. Without limiting the foregoing, the District will maintain the Project in an efficient and economical manner, will at all times maintain the Project in good repair and in sound operating-condition, will make all necessary repairs and replacements to the Project, and will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project and its operation thereof.

The District may, from time to time, in its sole discretion and at its own expense, make any additions, modifications or improvements to the Project, which it may deem desirable for its business purposes; provided that all such additions, modifications and improvements do not adversely affect the structural integrity of the Project.

Events of Default Defined

The following are "Events of Default" under the Installment Sale Agreement and the terms "Event of Default" or "Default" mean, whenever they are used in the Installment Sale Agreement, any one or more of the following events:

(a) Failure by the District to make the Installment Sale Agreement Payments required pursuant to the Installment Sale Agreement;

(b) Failure by the District or the Issuer to observe and perform any covenant, condition or agreement of the Installment Sale Agreement on its part to be observed or performed, other than as referred to in (a) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the defaulting party by the non-defaulting party, unless the non-defaulting party shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is

instituted by the defaulting party within the applicable period and is being diligently pursued until the default is corrected; and

- (c) An “event of default” shall have occurred under the Indenture.

Notwithstanding the foregoing, a breach of the District’s covenant to comply with its obligations under the Continuing Disclosure Certificate will not be deemed to be an Event of Default under the Installment Sale Agreement, and the sole remedy will be an action to compel performance.

Remedies on Default

Whenever any event of default shall have happened and be subsisting, the Issuer, or the Owners as provided in the Indenture, may take any one or more of the following remedial steps:

- (a) The Issuer, the Trustee or the Owners may seek the appointment of a receiver for the Project;
- (b) The Issuer, the Trustee or the Owners may require the District to furnish copies of all books and records of the District pertaining to the Project;
- (c) The Issuer, the Trustee or the Owners may take whatever action at law or in equity may appear necessary or desirable to collect the Installment Sale Agreement Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under the Installment Sale Agreement; and
- (d) The Issuer, the Trustee or the Owners may exercise any remedies provided for in the Indenture or under the Revenue Bond Law.

The Trustee as assignee of the Issuer may exercise the rights and remedies of the Issuer under the Installment Sale Agreement. Any amounts collected pursuant to actions taken under the above remedies shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if payment in full of the outstanding Bonds has been made (or provision for payment thereof has been made in accordance with the provisions of the Indenture), to the District.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

Assignment and Security

The Bonds, together with interest thereon, are special, limited obligations of the Issuer as provided in the Indenture. To secure the payment of the Bonds the Issuer has, pursuant to the Indenture, assigned and pledged to the Trustee all the right, title, and interest of the Issuer in and to (1) the Installment Sale Agreement and the Pledged Revenues, (2) all moneys and securities held by the Trustee in any and all of the funds and accounts established under the Indenture, including without limitation the Project Fund and (3) any and all other property from time to time by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is authorized to receive any and all such property at any and at times and to hold and apply the same subject to the terms of the Indenture.

Revenues and Funds

Bond Fund

Pursuant to the Indenture there is created by the Issuer and ordered established with the Trustee a trust fund to be designated the “Bond Fund,” which shall be used as a sinking fund to pay when due the principal of, premium,

if any, and interest on the Bonds. The Installment Sale Agreement Payments made by the District pursuant to the Installment Sale Agreement shall be deposited directly by the District to the Bond Fund, except as described below.

Pursuant to the Bond Resolution, the District Resolution and the provisions of Section 20-2-480 of the Official Code of Georgia Annotated, the Issuer and the District have authorized and directed the Secretary of the Board of Education (the Superintendent of the District), prior to the issuance of the Series 2024 Bonds, to notify the State of Georgia Board of Education (the "State Board") of the proposed issuance of the Series 2024 Bonds and to authorize and direct the State Board to withhold from the District sufficient moneys from any state appropriation to which the District may be entitled and to apply so much as shall be necessary to the payment of the principal of and interest on the Series 2024 Bonds then due upon the circumstances hereinafter set forth. Pursuant to Section 20-2-170 of the Official Code of Georgia Annotated, (i) if the State Board has received the notification from the District described in the preceding sentence and (ii) if at any time the State Board is notified by the Paying Agent that the District has failed to effect the punctual payment of the principal of or interest on the Series 2024 Bonds by failing to make an Installment Sale Agreement Payment as required under the terms of the Agreement, the State Board is authorized to and shall withhold from any state appropriation to which the District may be entitled and apply so much thereof as shall be necessary to the payment of the principal of and interest on the Series 2024 Bonds then due. Under the terms of the notice and authorization described in such Sections 20-2-170 and 20-2-480 to be furnished to the State Board, if on any January 10 or July 10 (or, if such day is not a business day, the next succeeding business day) the Paying Agent has not received from the District amounts sufficient to pay in full the principal of and interest on the Series 2024 Bonds on the following February 1 or August 1, respectively, then the Paying Agent shall notify the State Board by noon on January 15 or July 15, respectively, of the amount of any such deficiency in the following manner: (i) immediately by telephone at (404) 656-2454 or facsimile transmission at (404) 651-7688, Attention: Facilities Services Director, and (ii) in writing by first-class mail or overnight courier to 1670 Twin Towers East, 205 Jesse Hill Jr. Drive, S.E., Atlanta, Georgia 30334-5001, Attention: State Superintendent of Schools, or such other address as may be designated by the State Board for such purpose. All funds received by the Paying Agent from the State Board shall be deposited into the Bond Fund and held by the Paying Agent in trust to make the payments on the Series 2024 Bonds on such February 1 or August 1.

Subject to the terms and conditions set forth in the Indenture, moneys in the Bond Fund shall be disbursed for (i) the payment of the interest on the Bonds secured thereby as such interest becomes due and payable; (ii) the payment of the principal of the Bonds secured thereby as same becomes due and payable at maturity; (iii) the purchase of Bonds in the open market at a price or prices not exceeding the authorized call price; (iv) the transfer of excess moneys, if any, in the Bond Fund to the District; (v) Trustee's fees; (vi) the payment of any charges for investment services; and (vii) any payments required to comply with the arbitrage rebate covenant.

Project Fund

(a) Creation. In the Indenture there is created by the Issuer and ordered established with the Trustee a trust fund to be designated the "City of Commerce Public Facilities Authority Project Fund." The Issuer shall establish within the Project Fund a "General Account" and a "Costs of Issuance Account."

(b) Costs of Project. Disbursements of amounts on deposit in the General Account of the Project Fund shall be made only for payment of the costs of prepaying the Lease/Purchase Agreement and acquiring the Project, on the date of issuance of the Series 2024 Bonds

(c) Costs of Issuance Account. All disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee upon written direction of an Authorized District Representative and applied to the payment of costs and expenses incurred by the District in connection with the issuance and delivery of the Series 2024 Bonds.

Moneys Held in Trust

All moneys required to be deposited with or paid to the Trustee for the account of any fund created under any provision of the Indenture shall be held by the Trustee in trust and, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the trust created by the Indenture and any lien, pledge or assignment granted with respect to the Trust Estate. The Trustee covenants that all moneys held in any fund under the Indenture

and any collateral securing such funds are a part of the Trust Estate, and that the rights and interests of the Owners in and to such moneys and collateral are and shall be superior to the claims of the creditors and depositors of the Trustee and of any other financial institution in which such moneys are deposited or which has provided or pledged such collateral. All cash funds held by the Trustee in excess of the amount insured by the Federal Deposit Insurance Corporation or a successor federal agency shall be continuously secured, for the benefit of the Issuer and the owners of the Bonds, by a pledge of Defeasance Securities.

Investment of Funds and Accounts

Project Fund Investments. Moneys held in the Project Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized District Representative in Permitted Investments maturing on or before the date on which such moneys are expected to be used. The Trustee may conclusively rely upon such instructions as to both the suitability and legality of the directed investments. Such investments, shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Project Fund. The interest earned or other income derived from investments of moneys held in the Project Fund shall be retained in the Project Fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments whenever the cash held in the Project Fund is insufficient to pay a requisition when presented or to otherwise make a timely disbursement required to be made therefrom. The Trustee may make any and all such investments through its own investment department or that of its affiliates and subsidiaries and may charge its customary fees relating thereto.

Bond Fund Investments. Moneys held in the Bond Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized District Representative in Permitted Investments maturing on or before the date on which such moneys are expected to be used. Such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account from which made. The interest earned or other income derived from investments of moneys held in either such fund shall be held for the credit of such fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments in the Bond Fund whenever the cash held in the Bond Fund is insufficient to provide for the payment of the principal of, the premium, if any, and the interest on, the Bonds as the same become due and payable.

Events of Default and Remedies

Defaults

The Indenture provides that the following constitute “Events of Default”:

- (a) failure to pay the principal of any Bond when the same shall become due and payable, either at maturity or otherwise;
- (b) failure to pay any installment of interest on any Bond when same shall become due and payable;
- (c) failure of the Issuer to duly and punctually perform any other of the covenants, conditions, agreements and provisions on its part contained in the Bonds or in the Indenture, which failure shall continue for 60 days after written notice specifying such failure and requiring the same to be remedied has been given to the Issuer by the Trustee; provided, however, if the failure stated in such notice cannot be corrected within such 60-day period, such failure shall not constitute an Event of Default if it is possible to correct such failure and corrective action is instituted by the Issuer within such 60-day period and is diligently pursued until such failure is corrected; or
- (d) an Event of Default shall occur under the Installment Sale Agreement.

If such an Event of Default shall occur, then in each and every such case the Trustee may, and upon the written request of the owners of a majority of the outstanding principal amount of Bonds affected by each Event of Default, the Trustee shall, upon receiving indemnity or security satisfactory to it, proceed to protect and enforce its

rights and the rights of the owners of the Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by Counsel, shall deem most effective to protect and enforce the rights aforesaid.

Any receiver, assignee, or trustee in bankruptcy or reorganization is hereby authorized by each of the Owners to make payments to the Trustee and in the event that the Trustee shall consent to the making of payments directly to the Owners, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys, and counsel and all other expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or bad faith.

Remedies

Rights of Owners to Institute Suit and to Direct Proceedings

No owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or for any other remedy under the Indenture or on the Bonds unless (a) such owner previously shall have given to the Trustee written notice of an Event of Default; (b) the owner, or owners, of not less than a majority of the outstanding principal amount of the Bonds shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its name; (c) there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; and (d) the Trustee shall have refused or neglected to comply with such request within a reasonable period of time; and such notification, request, offer of indemnity and refusal or neglect are thereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy thereunder. The parties hereto intend that no one or more owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all owners of the outstanding Bonds.

No provision of the Indenture shall be deemed to limit or impair the right of any owner of a Bond, which is absolute and unconditional, to enforce the payment of the principal of and interest on such owner's Bonds out of the moneys provided for such payment, or the obligation of the Issuer to pay the same out of the sources pledged thereto, at the time and place expressed therein.

Anything in Indenture to the contrary notwithstanding, but subject to the last paragraph of Section 901, the owners of a majority of the outstanding principal amount of the Bonds shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee thereunder in respect of the Bonds; provided that such direction shall not be otherwise than in accordance with law and the Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred therein or thereby.

Application of Moneys Upon Default

The Issuer covenants that if an Event of Default shall happen and shall not have been remedied, the Trustee shall apply all moneys, securities and funds received by the Trustee pursuant to any right given or action taken under the provisions of Article IX of the Indenture as follows and in the following order:

- (a) Expenses of Trustee—to the payment of the reasonable and proper fees, expenses and liabilities of the Trustee (including collection fees, attorneys fees and expenses and court costs);

(b) Principal and Interest—to the payment of the interest and principal or redemption price then due on the Bonds, as follows:

(i) Unless the principal of all Bonds shall have become due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions set forth above, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Issuer, to any owner of a Bond or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Bond on which payment shall be made, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Trustee.

Remedies Vested in the Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Waivers of Events of Default

The Trustee may in its discretion waive any Event of Default under the Indenture and rescind its consequences and shall waive any Event of Default under the Indenture and its consequences upon the written request of the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived any Event of Default resulting from failure to pay principal of or interest on the Bonds (a "Payment Default") unless prior to such waiver or rescission, all arrears of principal, premium, if any, with interest on such overdue amounts (to the extent permitted by law) at the rate borne by the Bonds, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for. In the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Owners shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon. All waivers under the Indenture shall be in writing.

Notice of Defaults: Opportunity of the Issuer and the District to Cure Defaults

The Trustee shall immediately after the occurrence of an Event of Default specified in paragraph (a) or (b) under "Events of Default and Remedies—Defaults," and immediately after receipt of written notice from the Issuer or the Owners of a majority in aggregate principal amount of all Bonds then Outstanding of any other Event of Default, mail by first class mail, postage prepaid, to the registered owners of the Bonds notice of all events of default known to the Trustee unless such defaults shall have been cured before the giving of such notice; provided that except in the case of default in the payment of principal of (or premium, if any) or interest on any of the Bonds, the Trustee shall be protected in withholding such notice from the owners of the Bonds if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the owners of the Bonds.

Discharge of Indenture

Discharge of Lien

If the Issuer shall pay or cause to be paid the principal of, and the interest on, the Bonds at the times and in the manner stipulated therein and in the Indenture and shall pay or cause to be paid all fees and expenses of the Trustee due or to become due under the Indenture, and if the Issuer shall keep, perform, and observe all and singular the covenants and promises in the Bonds and the Indenture expressed as to be kept, performed and observed by it or on its part, then the lien, pledge and assignment under the Indenture of the Trust Estate shall cease, terminate and be discharged, in which case the Trustee, shall cancel and discharge the Indenture and the lien, pledge and assignment created thereby, and shall execute and deliver to the Issuer such instruments in writing as shall be required to cancel and discharge the Indenture and to reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Defeasance Securities held in a special account in the Bond Fund for the purpose of paying Bonds which have not yet been presented for payment; provided, however, such cancellation and discharge of the Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of such Bonds.

Notwithstanding the fact that the lien of the Indenture upon the Trust Estate may have been discharged and cancelled in accordance with the preceding paragraph, the Indenture and the rights granted and duties imposed thereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and cancelled, shall nevertheless continue and subsist until the principal of, and the interest on, all of the Bonds shall have been paid in full or the Trustee shall have returned to the Issuer in accordance with the Indenture all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment

Defeasance of Bonds

Any Bonds shall be deemed to have been paid and shall cease to be entitled to the lien of the Indenture if the Issuer shall (i) deposit irrevocably with the Trustee or in an irrevocable escrow account either (x) cash in an

amount which shall be sufficient, or (y) Defeasance Securities the principal of and interest on which when due, and without any reinvestment thereof, will provide cash which, together with the cash, if any, deposited at the same time, shall be sufficient as confirmed in a report of independent certified public accountants, to pay when due the principal of, redemption premium (if any) and interest on, such Bonds due and to become due on and prior to the redemption date or maturity date thereof and to pay all Trustee's and paying agents' fees and expenses due under the Indenture (unless provision for such payment satisfactory to the Trustee and any paying agents shall have been made); and (ii) shall make adequate provision for any redemption of such Bonds and for the giving at the proper time of the proper notice of any such redemption as provided in the Indenture. Neither the Defeasance Securities nor the cash deposited with the Trustee pursuant to the Indenture nor the principal or interest payments on such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium (if any) and interest on, such Bonds; provided that any cash receipts from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent that such cash will not be required at any time for the purpose of paying the principal of, redemption premium (if any) and interest on, such Bonds, shall be paid over to the District as received by the Trustee, free and clear of, any trust, lien or pledge, and (B) to the extent such cash will be required for the payment of such principal, redemption premium (if any) and interest at a later date, shall, to the extent practicable and unless otherwise expressly provided for in the escrow deposit agreement governing any irrevocable escrow account, be reinvested at the written direction of an Authorized Issuer Representative in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal of, and redemption premium (if any) and interest on, such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and the interest earned from such reinvestment which is not required for such payments shall be paid over to the District as received by the Trustee, free and clear of any trust, lien or pledge.

The deposit required above may be made with respect to any particular Bonds or series of Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), in which case such Bonds shall no longer be deemed to be Outstanding and shall be deemed to be paid, and the owners of such Bonds shall be secured only by such deposit and not by any other part of the Trust Estate; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, adequate provision for giving notice of such redemption shall have been made with respect to such Bonds.

The Trustee

Intervention by the Trustee

In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of the owners of the Bonds and, upon receipt of satisfactory indemnification, shall do so if requested in writing by the owners of not less than a majority of the outstanding principal amount of the Bonds. The rights and obligations of the Trustee to intervene in any such judicial proceeding under this paragraph are subject to the approval of a court of competent jurisdiction if approval of such intervention is otherwise required by law.

Successor Trustee

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or any corporation or association resulting from any such conversion, merger, or consolidation, or any corporation succeeding to the corporate trust business of the Trustee, ipso facto, shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties thereto, anything in the Indenture to the contrary notwithstanding. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall take such action as may be required to effect a transfer of the Trust Estate to such successor corporation.

Resignation by the Trustee

The Trustee and any successor trustee may at any time resign from the trusts created under the Indenture by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and filing the same with the Issuer and the District not less than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by first class mail, postage prepaid, not less than 20 days prior to such resignation date, to each Owner shown on the registration records with respect to the Bonds, and such resignation shall only take effect at the appointment of a successor trustee pursuant to the Indenture and acceptance by the successor trustee of such trusts.

Removal of the Trustee

The Trustee may be removed at any time by the Issuer, by an instrument in writing delivered to the Trustee, for any breach of the trusts set forth in the Indenture or for failure or refusal to act as trustee, or by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer, and the District and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that no such removal shall be effective until a successor trustee has been appointed and qualified.

Appointment of Successor Trustee: Temporary Trustee

In case the Trustee shall (a) resign or be removed or (b) be dissolved or shall be in the course of dissolution or liquidation, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court or otherwise become incapable of acting under the Indenture, a successor may be appointed by an instrument of the Issuer executed and signed and attested to as provided in the Indenture. If a successor trustee is not so appointed within ten (10) days after notice of resignation is mailed or an instrument of removal is delivered, or within ten (10) days of the Issuer's knowledge of any of the events specified in (b) above, then the owners of a majority in aggregate principal amount of Bonds then Outstanding, may designate a successor trustee. Until a successor trustee shall be appointed by the Owners in the manner above provided, the Issuer, by resolution and upon written notice to the District, shall appoint a temporary trustee to fill such vacancy, and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the successor trustee so appointed by the Owners.

In case at any time the Trustee shall give notice of its intent to resign and no appointment of a successor trustee shall be made prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the owner of any Bond or the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor trustee.

Every such trustee as provided above shall be a trust company or a commercial bank having trust powers, in good standing, within or outside the State of Georgia, and having an unimpaired combined capital and surplus of not less than \$35,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The Issuer and the Trustee may, without the consent of, or notice to, any of the Owners, enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, security or authorities that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) to subject to the lien and pledge of the Indenture additional payments, revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture and supplemental indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state, and, if they so determine, to add thereto or to any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer for the protection of the Owners;

(f) to evidence the appointment of a separate Trustee or a Co-Trustee, or the succession of a new trustee or the appointment of a new or additional paying agent or bond registrar;

(g) to modify, amend or supplement the Indenture in such manner as to assure the continued exclusion from gross income of the Owners thereof for federal income tax purposes of interest on any Bonds;

(h) to reflect a change in applicable law provided that such supplemental indenture does not materially adversely affect the rights of Owners; or

(i) in connection with any other change therein which does not materially adversely affect the Owners or impair the Trust Estate.

Supplemental Indentures Requiring Consent of Owners

Exclusive of supplemental indentures covered in the preceding paragraph and subject to the terms and provisions contained in this paragraph, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds shall have the right, from time to time, anything contained therein to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained therein or in any supplemental indenture; provided, however, that nothing contained in the Indenture shall permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every owner of the Bonds affected thereby, or (b) the creation of any lien or security interest prior to or on a parity with the lien of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken, or (c) a reduction in the aggregate principal amount of Bonds the Owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding, or (d) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (e) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (f) the release of or requirements for the release of the Indenture, without the consent of the owners of all the Bonds affected thereby.

If the Issuer shall request the Trustee in writing to enter into any such supplemental indenture for any of the purposes of the preceding paragraph, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause written notice of the proposed execution of such supplemental indenture together with a copy of such proposed supplemental indenture to be given by first class mail, postage prepaid, to the Owners of the Bonds at their addresses shown on the Bond Register. If, within 60 days or such longer period as shall be reasonably

prescribed by the Issuer following the mailing of such notice, the Owners of not less than a majority (or such higher percentage as required by the preceding paragraph) in aggregate principal amount of the Bonds shall have consented to and approved the execution of such supplemental indenture, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as provided in this paragraph, the Indenture shall be modified and amended in accordance therewith.

Amendment of Installment Sale Agreement

The Issuer and the District may without the consent of, or notice to, the Owners consent to any amendment, change or modification of the Installment Sale Agreement as may be required (i) by the provisions of the Installment Sale Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Installment Sale Agreement or (iii) in connection with any other change therein which, in the judgment of the District, is not contrary to or inconsistent with the Installment Sale Agreement and is not to the prejudice of the Owners.

Except for the amendments, changes or modifications as provided in the immediately preceding paragraph, neither the Issuer nor the District will consent to any other amendment, change or modification of the Installment Sale Agreement without the written approval or consent of the holders of not less than a majority in principal amount of the Bonds then Outstanding; provided, however, that nothing will permit, or be construed as permitting, any amendment, change or modification of the District's unconditional obligations to make payments under the Installment Sale Agreement, or the District's covenants with respect to the use of the proceeds of the Bonds.

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APPENDIX C
FORM OF
CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the School District of the City of Commerce (the “District”) in connection with the issuance of \$8,310,000 in original aggregate principal amount City of Commerce Public Facilities Authority Revenue Bonds (School District of the City of Commerce Project), Series 2024 (the “Series 2024 Bonds” or the “Bonds”). The Bonds are being issued pursuant to a resolution of the City of Commerce Public Facilities Authority (the “Authority”) adopted on _____, 2024 (the “Bond Resolution”). The District is obligated in effect to pay the debt service on the Bonds under the Intergovernmental Installment Sale Agreement, dated as of December 1, 2024, between the Authority and the District, which Intergovernmental Installment Sale Agreement has been pledged and assigned to secure the Bonds. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the beneficial owners of the Bonds (the “Bondholders”) and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the District, or any successor Dissemination Agent designated in writing by the District, and that has filed with the District a written acceptance of such designation. Initially, Dissemination Agent shall mean Raymond James & Associates, Inc., Atlanta, Georgia.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the District as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto. Currently, the MSRB’s address is:

MSRB
1300 I Street, N.W.
Suite 1000
Washington, DC 20005
Attention: Disclosure

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. **Currently, the sole National Repository is the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State of Georgia as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than one (1) year after the end of each Fiscal Year (the “Annual Filing Date”), commencing with Fiscal Year ended June 30, 2024, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly upon their availability. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the School District shall include unaudited financial information in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available will be provided to the MSRB through EMMA in an electronic format.

(b) If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to each Repository in substantially the form attached as **Exhibit A** hereto. If the Dissemination Agent has not received an Annual

Report by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the District irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as **Exhibit A**.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository (currently just the MSRB) and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the District, notify the District that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories (currently just the MSRB) and each State Repository, to which it was provided.

(d) The District shall promptly file a notice of any change in its Fiscal Year with each Repository.

(e) If the audit report specified in clause (1) of Section 4 hereof is not submitted as part of the Annual Report to each Repository pursuant to Section 3(a) hereof, the District shall, or shall cause the Dissemination Agent to, provide to each Repository such audit report, together with the audited general purpose financial statements to which such audit report relates, when they are available to the District.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(1) the District's general purpose financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as applied to government units, as in effect from time to time, and which shall be accompanied by an independent auditor's report, if available at the time of submission of the Annual Report to each Repository pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the District, a narrative explanation describing the impact of such changes on the District; and

(3) tabular information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the District: (A) the schools comprising the District's school system, (B) the enrollment in the District's school system, (C) the employees of the District, (D) sales tax collections of the District, (E) the legal debt margin of the District, (F) the property tax digest of the District, (G) the millage rates of the District, (H) the property tax levies and collections of the District, (I) the ten largest taxpayers of the

District, (J) the most recent General Fund budget of the District, and (K) the insurance coverage of the District.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (“Listed Events”) with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the District;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) If the District obtains knowledge of the occurrence of a Listed Event, the District shall file, in a timely manner not in excess of ten business days after the occurrence of the event, a notice of such occurrence with each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) (other than tender offers) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of the affected Bonds pursuant to the Bond Resolution. For the purpose of the event identified in subsection (a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U. S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the asset or business of the District.

(c) For the purposes of the events described in subsection (a)(15) and (a)(16), the term “Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

(d) The content of any notice of the occurrence of a Listed Event shall be determined by the District and shall be in substantially the form attached hereto as **Exhibit B**.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Raymond James & Associates, Inc.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the District or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of Section 4 hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of Section 4 hereof specifying the accounting principles to be followed in preparing the District's financial statements are amended or waived, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The District shall file a notice of the change in the accounting principles with each Repository on or before the effective date of any such amendment or waiver.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an “event of default” or “default” under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent’s obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the District has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report of the District, any audited financial statements of the District, any Listed Events or any other information, disclosures or notices provided to it by the District and shall not be deemed to be acting in any fiduciary capacity for the District, the holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the District’s failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the District has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the District at all times.

(b) The District agrees to indemnify and save the Dissemination Agent and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the District under this subsection shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(c) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the District.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters, and the Bondholders, and shall create no rights in any other person or entity.

Section 13. Filing with MSRB. Notwithstanding anything in this Disclosure Certificate to the contrary, any filing required to be made with a National Repository pursuant to this Disclosure Certificate may be made solely by transmitting such filing to the continuing disclosure service portal provided through the MSRB's EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the United States Securities and Exchange Commission.

Date: _____, 2024

**SCHOOL DISTRICT OF THE CITY OF
COMMERCE**

By: _____
Chairman, Board of Education of
the City of Commerce

Attest: _____
Secretary, Board of Education of
the City of Commerce

(SEAL)

(Signatures continued on next page)

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CITY OF COMMERCE PUBLIC FACILITIES AUTHORITY

Name of Bond Issue: \$8,310,000 CITY OF COMMERCE PUBLIC FACILITIES
AUTHORITY REVENUE BONDS (SCHOOL DISTRICT OF CITY OF
COMMERCE PROJECT), SERIES 2024

Date of Issuance: _____, 2024

CUSIP Numbers:¹ _____

NOTICE IS HEREBY GIVEN that the School District of the City of Commerce has not provided an Annual Report with respect to the above-named Bonds as required by the resolution adopted by the Board of Education of the City of Commerce (the “Board”) on _____, 2024. The Board anticipates that the Annual Report will be filed by _____.

Dated: _____

¹ No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

EXHIBIT B

NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

**Relating to
\$8,310,000 CITY OF COMMERCE PUBLIC FACILITIES AUTHORITY
REVENUE BONDS (SCHOOL DISTRICT OF CITY OF COMMERCE PROJECT),
SERIES 2024**

CUSIP Numbers:¹ _____

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

Dated: _____

¹ No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

APPENDIX D
FORM OF BOND COUNSEL OPINION

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[Letterhead of Stewart, Melvin & Frost, LLP]

_____, 2024

City of Commerce Public Facilities Authority
Commerce, Georgia

School District of the City of Commerce
Commerce, Georgia

Raymond James & Associates, Inc.
Atlanta, Georgia

Regions Bank, as Trustee
Atlanta, Georgia

Re: \$8,310,000 City of Commerce Public Facilities Authority Revenue Bonds (School District of the City of Commerce Project), Series 2024, dated _____, 2024 (the “Series 2024 Bonds” or the “Bonds”)

To the Addressees:

We have acted as Bond Counsel in connection with the issuance by City of Commerce Public Facilities Authority, a public body corporate and politic created and existing under the laws of the State of Georgia (the “Issuer”), of the above-captioned Bonds. We have examined the law and such proceedings, a resolution of the Issuer adopted on _____, 2024 (the “Bond Resolution”), the Trust Indenture, dated as of December 1, 2024 (the “Indenture”), between the Issuer and Regions Bank, Atlanta, Georgia, as Trustee, the Intergovernmental Installment Sale Agreement, dated as of December 1, 2024 (the “Agreement”), between the Issuer and the School District of the City of Commerce (hereinafter referred to as the “District”), a resolution of the District adopted on _____, 2024 (the “District Resolution”) and other documents as deemed necessary to render this opinion.

The Bonds are subject to redemption prior to their respective maturities as stated in the text of the Bonds and in the manner and upon the terms set forth in the Indenture.

The Series 2024 Bonds are being issued for the purpose of financing the costs of the acquisition, construction and equipping of an athletic field house facility for the District adjacent to the football stadium at Commerce High School (the “Project”). Pursuant to the Agreement, the Issuer will provide for the acquisition, construction and equipping of the Project, and will sell the Project to the District, and pursuant to the Agreement, the District will purchase, operate and maintain the Project for the benefit of the citizens of the District and pay for such Project in amounts sufficient to enable the Issuer to pay the principal of and interest on the Series 2024 Bonds as same become due and payable. The Bonds are being issued pursuant to the Bond Resolution and the Indenture.

The Project (as defined in the Agreement) will be sold by the Issuer to the District under the terms of the Agreement. The District has agreed under the terms of the Agreement to make purchase payments to the Issuer, which payments equal the debt service requirements on the Bonds and will be pledged to the payment of (and which will be sufficient to pay) the principal of, premium, if any, and the interest on, the Bonds as the same become due.

The Issuer has assigned to the Trustee under the Indenture and pledged to the payment of the Bonds: all right, title and interest of the Issuer in the Agreement, including the payments to be made by the District pursuant to Section 402 of the Agreement; all right, title and interest of the Issuer in and to all amounts on deposit from time to time in the Bond Fund under the terms of the Indenture; and any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind given, granted, pledged, assigned, conveyed, mortgaged or transferred, or otherwise subjected to the Indenture, by the Issuer or any other person with Issuer’s written consent. The Bonds are payable from amounts payable by the District under the Agreement. The Bonds are also payable from any amounts which are withheld from the District by the State of Georgia Board of Education (the “State Board”) under the State Intercept Program (hereinafter defined).

The Bonds are not a debt of the State of Georgia or the District nor a pledge of the faith and credit of said State or District, nor will said State or District be subject to any pecuniary liability thereon. The issuance of the Bonds does not directly, indirectly or contingently obligate said State or District to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof except to the extent the District is obligated to make the purchase payments as more specifically provided in the Agreement. The Issuer does not have the power of taxation.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or any other offering material relating to the Bonds and we express no opinion herein relating thereto or as to compliance by the Issuer or the Underwriter with any federal or state securities laws, rules or regulations relating to the sale of the Bonds except as expressly set forth herein.

As to questions of fact material to our opinion, we have relied upon (a) representations of the Issuer and the District; (b) certified proceedings and other certifications of public officials

furnished to us; and (c) certifications by officials of the Issuer, Raymond James & Associates, Inc. (the “Underwriter”), and the District (including certifications as to the use and investment of the proceeds of the Series 2024 Bonds which are material to paragraph (6) below), without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The Issuer is a duly created and validly existing public body corporate and politic of the State of Georgia with the corporate power to enter into and perform the Agreement and the Indenture and to issue the Bonds.

(2) The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the payments and revenues to be received by the Issuer under the Agreement.

(3) The Bonds have been duly authorized, executed and delivered by the Issuer, and are the valid and binding limited obligations of the Issuer, payable from the payments and revenues to be received by the Issuer under the Agreement.

(4) The Agreement has been duly authorized, executed and delivered by the District, and is a valid and binding obligation of the District enforceable upon the District.

(5) The District has irrevocably authorized and directed the State Board to withhold from the City of Commerce School System (the “System”) sufficient moneys from any state appropriation to which the System may be entitled and to apply so much as shall be necessary to the payment of the principal of and interest on the Series 2024 Bonds (herein referred to as the “State Intercept Program”).

(6) Under existing statutes, regulations, rulings and court decisions, the interest payable on the Series 2024 Bonds (including any original issue discount properly allocable to a holder thereof) is (i) excluded from gross income for federal income tax purposes and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax; provided however that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations, as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), for the purpose of computing alternative minimum tax imposed on corporations. The opinion set forth in this paragraph is subject to the condition that the Issuer and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such

requirements could cause the interest on the Series 2024 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2024 Bonds. The Issuer and the District have covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2024 Bonds, except as set forth in paragraph (9) below.

(7) Under existing statutes, regulations, rulings and court decisions, the interest payable on the Series 2024 Bonds is exempt from all present Georgia income taxes.

(8) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(9) Based upon representations and expectations of the Issuer and the District and upon the required designation of the Series 2024 Bonds by the Issuer, the Series 2024 Bonds are “qualified tax-exempt obligations” under Section 265(b) of the Internal Revenue Code of 1986, as amended.

It is to be understood that the rights of the holder of the Bonds and the enforceability of the Bonds, the Agreement, and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEWART, MELVIN & FROST, LLP

By: _____
A Partner