## **Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

Select the appropriate option below. Modify the note as needed.

### Reporting Entity

OPTION 1: County School District

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 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.

OPTION 2: The school District is a COMPONENT UNIT of another primary government (e.g. City System). Modify this note to conform to the specific circumstances.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 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 not organized as a separate legal entity and does not have the power to levy taxes or issue bonds. Its budget is subject to approval by the City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Georgia. Accordingly, the School District is determined to be a component unit of the City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Georgia, which is the primary government.

The School District should identify potential component units, determine if they are in fact component units and whether they should be disclosed. (See GASB Codification Section 2100, 2200, and 2600.) Common examples are included below. Modify the paragraphs to mirror the School District’s component units. Delete any paragraphs that are not applicable.

Charter Schools

If the School District has a Charter School, select option 1 or 2 and modify as needed.

OPTION 1: The Charter School is reported in the financial statements.

[Blended Component Unit or Discretely Presented Component Unit]

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby certain State funding associated with the students attending the Charter School and specified local funds are turned over to the Charter School to cover the cost of its operations. (Select or modify one of the following statements and delete other options. Adjust the heading based on the selection.) The financial statements of the Charter School have been reported as a special revenue fund. Or The financial statements of the Charter School have been included with the School District's general fund. Or The financial statements of the Charter School have been included as a discretely presented component unit.

OPTION 2: The Charter School is material to the combined aggregate remaining fund types and is not reported in the financial statements.

*Blended Component Unit*

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School. While the Charter School is believed to be material to the basic financial statements of the School District, the School District [has chosen not to include/was unable to include] the Charter School financial data in its basic financial statements. To conform to generally accepted accounting principles, material component units should be included within the School District's basic financial statements.

Building Authority

If the School District has a building authority, modify the paragraph below as needed.

*Blended Component Unit*

The \_\_\_\_\_\_\_\_\_\_ County School Building Authority (the Authority) was created by House Bill \_\_\_\_ during the 20\_\_ session of the Georgia General Assembly. The purpose of the Authority is to provide, acquire, construct, equip, maintain, and operate public service facilities, to acquire the necessary property therefore, both real and personal, and to lease or sell any or all of such facilities, including real and personal property for the benefit of the School District. The Authority consists of five members appointed by the governing authority of the School District. The Authority is a component unit of the School District and as such the Authority's financial activity has been blended with the School District's basic financial statements.

## **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:*

Modify the paragraphs below as needed. Common adjustments or suggestions are in orange. With the implementation of GASB 84, fiduciary funds may not be presented in the financial statements. If you do not have any fiduciary funds, ensure you remove references to them.

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District [and its component units], [except for fiduciary activities]. Eliminations have been made to minimize the double counting of internal activities. [These statements also distinguish between the governmental and business-type activities of the School District.] Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. [Business-type activities are financed in whole or in part by fees charged to employees, students or to external parties.]

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 [and each segment of its business-type 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. [All remaining governmental funds are aggregated and reported as nonmajor funds.]

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.

Edit details to represent the school district’s activities and/or delete if not applicable.

* The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects and debt service.

• The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), bond proceeds, lease proceeds, finance purchase proceeds, and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

• The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes [(property and sales)] legally restricted for the payment of general long-term principal and interest.

If no proprietary funds are reported, delete this section. Modify the details to represent the School District’s activities.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the principal activity of the fund. Accordingly, revenues, such as charges for services, in which each party receives and gives up essentially equal values are operating revenues. Other revenues that result from nonexchange transactions are considered nonoperating revenues, along with investment earnings and revenues from ancillary activities. Operating expenses include the cost of services, administrative expenses, and deprecation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The School District’s proprietary fund is the \_\_\_\_\_\_\_\_\_\_\_ fund. This fund is used to account for the \_\_\_\_\_\_\_\_\_\_ of the School District. (Modify the previous sentence if more than one proprietary fund is maintained by the School District.)

If no fiduciary funds are reported, delete this section. Delete any fund types that are not applicable.

The School District reports the following fiduciary fund type[s]:

• 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.

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

### Basis of Accounting

Modify paragraphs to accurately reflect the circumstances at the School District. Common items have been identified in orange, but other modifications may be needed for an accurate representation.

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

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 (Update based on School District’s policy.) [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, (Modify the following clause as appropriate.) [except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.] Capital asset acquisitions are reported as expenditures in governmental funds. [Proceeds of general long-term liabilities and acquisitions under leases and subscriptions are reported as other financing sources].

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted resources available to finance the program. (Update based on School District’s policy.) [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

Update section to include GASB Statements implemented during FY2024.

In fiscal year 2024, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoption of this statement did not have a material impact on the School District’s financial statements. This statement will be applied prospectively.

### 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

If the School District does not report investments, delete the section.

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.

Modify the disclosure as necessary to describe the School District’s policy for valuing investments. Also, describe the methods and significant assumptions used to estimate the fair value if it is based on other than quoted market prices. If investments are negotiable or transferable, causing changes in the market value or interest rates to affect their value, the School District should report those investments at fair value. However, if investments are not negotiable or transferable, and therefore not affected by changes in the market or interest rates, the School District should report those investments at amortized cost. Further, if those same investments are money market investments, or interest-earning contracts that were purchased within 1 year of their maturity, the School District may report them at amortized cost.

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.

If applicable, include the follow paragraph.

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

Select the option that most accurately reflects activity on the School District’s financial statements.

OPTION 1 – The School District does not maintain inventories on the balance sheet, but they are not considered significant.

*Food Inventories*

Inventories of purchased foods and donated food commodities used in the preparation of meals are not reported on the financial statements. To conform to generally accepted accounting principles, these amounts should be recorded in the basic financial statements. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements.

OPTION 2 – The School District does maintain inventories on the financial statements, but they are not considered significant. The purchase method is used on the government-wide and fund statements. Edit costing method for accuracy. (Example: first-in, first-out; last-in, last-out; average cost.)

*Food Inventories*

On the government-wide 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 [insert basis] basis). The School District uses the purchase method to account for inventories whereby expenditures are recorded at the time of purchase or when received. To conform to generally accepted accounting principles, all food inventories should be accounted for using the consumption method whereby an asset is recorded when foods are purchased/received, and expenses are recorded at the time the food items are consumed. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements.

The cost of governmental fund type inventories is reported as expenditures when purchased.

OPTION 3 – Inventories are maintained on the financial statements. The consumption method is used on the government-wide and fund statements. Edit costing method for accuracy. (Example: first-in, first-out; last-in, last-out; average cost)

*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 [insert basis] 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.

Add the following paragraph if this is the first-year inventories (donated commodities and purchased foods) and the associated revenue and expense (donated commodities only) are recorded. Modify as needed. If this does not apply, delete the paragraph.

For fiscal year 2024, the School District began recording inventories of purchased foods and donated food commodities. The recording of the purchased foods and donated food commodities inventories is a change in accounting principle.

### Prepaid Items

If the School District does not report prepaid items, delete the section.

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

### Restricted Assets

If the School District does not report restricted assets, delete the section.

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

### 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.

[Amortization of intangible assets such as water, timber and mineral rights, easements, patents, trademarks, copyrights, and internally generated software is computed using the straight-line method over the estimated useful lives of the assets.]

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



If the School District approves a new capital asset policy which caused changes to the capitalization threshold or estimated useful life, include the follow paragraph with details of the former and current policy.

[During the fiscal year, management decreased/increased the capital asset threshold to \_\_\_\_\_\_ from \_\_\_\_\_\_ for *include capital asset category*. In addition, management decreased/increased the estimated useful life to \_\_ from \_\_ years for *include capital asset category*. The changes in threshold did not have a material or significant impact on the financial statements.]

### Intangible Right-To-Use Assets

If the School District does not report intangible right-to-use assets, delete the section. Only include both leases and subscription information if both GASB 87 and GASB 96 apply.

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. Subscription-based information technology arrangements (SBITAs) result in an intangible right-to use subscription asset and a subscription liability on the Statement of Net Position.

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

Capitalization thresholds of intangible right-to-use assets reported in the government-wide [and proprietary fund] statements are as follows:



If the School District approves a new intangible right-to-use policy which caused changes to the capitalization threshold, include the follow paragraph with details of the former and current policy.

[During the fiscal year, management decreased/increased the intangible right-to-use asset threshold to \_\_\_\_\_\_ from \_\_\_\_\_\_ for *include intangible right-to-use asset category*. The changes in threshold did not have a material or significant impact on the financial statements.]

Add the following paragraph if School District is a lessor.

Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight-line basis over the lease term.

### Leases as Lessee

If the School District does not report leases, delete the section.

The School District is a lessee for noncancellable leases of \_\_\_\_\_\_\_\_\_\_\_\_\_ owned by third 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.] Or [Due to the lease containing a bargain purchase option that is reasonably certain of being exercised, the lease asset is amortized on the straight-line basis over the useful life of the underlying asset.]

If interest is stated in the lease, remove the statement in orange.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

If interest is stated in the lease, remove this paragraph.

The lease agreements entered into by the School District as lessee do not contain stated interest rates. Therefore, the School District has used its estimated incremental borrowing rate as the discount rate for the leases. The School District has estimated this incremental borrowing rate to be \_\_\_\_\_% to \_\_\_\_\_% for the leases in which the School District is currently involved as the lessee.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed/variable 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.

### Leases as Lessor

If the School District does not report leases as a lessor, delete the section.

The School District is a lessor for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_owned by the School District. The School District recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in the Statement of Net Position.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources for deferred lease receipts is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain costs paid to or reimbursed to the lessee. Subsequently, the deferred inflow of resources is amortized on a straight-line basis over the lease term.

If interest is stated in the lease, remove the statement in orange.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

If interest is stated in the lease, remove this paragraph.

* The lease agreements entered into by the School District do not contain stated interest rates. Therefore, the School District has used its estimated incremental borrowing rate as the discount rate for the leases. The School District has estimated this incremental borrowing rate to   
  be \_\_% to \_\_% for the leases in which the School District is currently involved as the lessor.
* The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed/variable payments the School District will receive over the lease term.

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

### Deferred Outflows/Inflows of Resources

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

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

### Compensated Absences

If the School District does report compensated absences, modify the section below as needed. If not, delete the section.

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

Vacation leave of \_\_\_\_ days is awarded on a [calendar/fiscal] year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. (Update following sentence if leave may be carried over to the next year. Remove last clause if there is no maximum carry-over. Delete if not applicable.) Vacation leave not utilized during the [calendar/fiscal] year may be carried over to the next [calendar/fiscal] year, [providing such vacation leave does not exceed \_\_\_\_ days]. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

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

(Modify section if School District has LTD but no bond debt.)

In the School District’s government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the [effective interest/straight-line] method. (Using the straight-line method is a departure from GAAP. Use the following sentence to disclose this departure.) [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 c**onstraints 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

Modify the following paragraph to include pertinent information related to property taxes.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Board of Commissioners [City of \_\_\_\_\_\_\_\_\_\_\_\_] adopted the property tax levy for the 2023 tax digest year (calendar year) on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 202\_\_ (levy date) based on property values as of January 1, 2023. Taxes were due on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 202\_\_\_\_ (lien date) and could be paid in two installments on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 202\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 202\_\_\_ (due dates). Taxes collected within the current fiscal year or within 60 days after year-end on the 2023 tax digest are reported as revenue in the governmental funds for fiscal year 2024. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County Tax Commissioner [\_\_\_\_\_\_\_\_\_ City Clerk] bills and collects the property taxes for the School District, withholds \_\_\_% 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, 2024, for maintenance and operations amounted to $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and for school bonds amounted to $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Tax millage rates levied for the 2023 tax digest year (calendar year) for the School District were as follows (a mill equals $1 per thousand dollars of assessed value):



Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $\_\_\_\_\_\_\_ during fiscal year ended June 30, 2024.

### Sales Taxes

Modify the following paragraphs to include pertinent information related to sales taxes.

Use this paragraph if the School District has a Local Option Sales Tax (LOST). Delete if not needed.

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

Use this paragraph if the School District has an Education Special Purpose Local Option Sales Tax. Delete if not needed.

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

Use this paragraph if the School District is a City System where City Government sold bonds and ESPLOST is repaying City Government Debt. Delete if not needed.

The City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (City Government) sold general obligation bonds to provide advance funding for capital outlay projects associated with issuance of Education Special Purpose Local Option Sales Tax (ESPLOST). In fiscal year 2024, the School District provided $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of ESPLOST proceeds to the City Government for debt services on said general obligation debt.

## **Note 3: BUDGETARY DATA**

Update the note to represent the School District’s budget process.

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, [special revenue,] 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] [function] level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America. [The budget for the general fund was not prepared in accordance with accounting principles generally accepted in the United States of America.]

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

The Superintendent is authorized by the Board to approve adjustments of no more than \_\_\_ % of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than \_\_\_\_\_ % of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds $\_\_\_\_\_\_\_ shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

Budgetary/GAAP Basis Reconciliation

Include note and reconciliation table if applicable for School District

In the general fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP).

The primary differences between the budget basis and GAAP basis are:

1. State QBE revenue is recorded when received (budget) rather than when susceptible to accrual (GAAP).
2. Tax revenue received sixty days subsequent to year-end is recorded when received (budget) rather than when susceptible to accrual (GAAP).
3. Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (GAAP).
4. Payments made by the State of Georgia for School District employee benefits are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.

Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the general fund that is reconciled as follows:

## **Note 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS**

### 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. [At June 30, 2024, $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of deposits were not secured by surety bond, insurance or collateral as specified above. The School District is working with the affected financial institutions to ensure appropriate levels of collateral are maintained for all the School District's deposits.]

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

Select the option that most appropriately represents the School District’s categorization of deposits.

OPTION 1 – All bank balances are either covered by depository insurance or are collateralized with securities held in the School District's name.

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. (Describe the School District’s formal policy with respect to custodial credit risk or indicate that the District does not have a policy by using the following sentence.) [The School District does not have a deposit policy for custodial credit risk.] At June 30, 2024, the School District had deposits with a carrying amount of $\_\_\_\_\_\_\_\_, and a bank balance of $\_\_\_\_\_\_\_\_\_\_\_\_\_. (Modify the following sentence to describe how bank balances are currently insured/collateralized.) The bank balances insured by Federal depository insurance were $\_\_\_\_\_\_\_\_\_\_ and the bank balances collateralized with securities held by the [pledging financial institution or by the pledging financial institution’s trust department or agent] in the School District’s name were $\_\_\_\_\_\_\_\_\_\_\_.

OPTION 2 - All bank balances subject to custodial credit risk – not covered by depository insurance or collateralized with securities in the School District's name.

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. (Describe the School District’s formal policy with respect to custodial credit risk or indicate that the District does not have a policy by using the following sentence.) [The School District does not have a deposit policy for custodial credit risk.] (Modify the following sentences to describe how bank balances are currently insured/collateralized.) At June 30, 2024, School District had deposits with a carrying amount of $\_\_\_\_\_\_\_, and a bank balance of $\_\_\_\_\_\_\_\_\_\_\_\_\_. The bank balances insured by Federal depository insurance were $\_\_\_\_\_\_\_\_\_\_ and the bank balances collateralized with securities held by the [pledging financial institution or by the pledging financial institution’s trust department or agent] in the School District’s name were $\_\_\_\_\_\_\_\_\_\_\_.

Complete the following section if the School District participates in the State Secure Deposit Program.

[At June 30, 2024, $\_\_\_\_\_\_\_\_\_\_ of the School District’s bank balances were exposed to custodial credit risk. This balance was in the State’s Secure Deposit Program (SDP).]

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

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

At June 30, 2024, $\_\_\_\_\_\_\_\_\_ of the School District's bank balance was exposed to custodial credit risk as follows:



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



### Categorization of Cash Equivalents

If School District has investment in Georgia Fund 1, add following language, if not delete.

The School District reported cash equivalents of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 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 AAAf 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, 2024 was 33 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>.

According to GASB Implementation Guide No. 2016-1, questions 4.5 and 4.6, certificates of deposit that are not negotiable and have redemption terms that do not consider market rates should be treated as deposits, and negotiable certificates of deposit should be treated as investments for purposes of GASB Statement No. 3 and No. 40 disclosures.

### Categorization of Investments

Select and modify the option that most appropriately reflects the School District’s investments. If the School District does not report investments, delete the section.

At June 30, 2024, the School District had the following investments:



Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. For investments categorized as Level 2 or Level 3, describe the valuation technique used for each level by investment type. Also, if there was a change in any of the valuation techniques that had a significant impact on the result, disclose the change and the reason(s) for making it.

Option 1 (With many types of investments table may be most effective)

**Fair Value of Investments**

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

At June 30, 2024 the School District had the following investments by fair value level:



Option 2 (When only a handful of investment types exist)

**Fair Value of Investments**

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2024:

Equity Mutual Funds - Domestic of $[Amount] are valued using quoted market prices. (Level 1 inputs)

U.S. Treasuries of $[Amount] are valued using a matrix pricing model. (Level 2 inputs)

Delete if not applicable:

The School District also had the following investments at amortized cost:



Modify the following sections related to investment risk as needed.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk. (If the School District has adopted a policy for managing interest rate risk, then delete previous sentence and explain such policy.) [The School District's policy for managing interest rate risk is \_\_\_\_\_\_\_\_\_\_.]

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk. (If the School District has adopted a formal policy for managing custodial credit risk for investments, then delete previous sentence and explain such policy.) [The School District's policy for managing custodial credit risk is \_\_\_\_\_\_\_\_\_\_.]

At June 30, 2024, $\_\_\_\_\_\_\_\_\_\_\_ of the School District's applicable investments were held by the investment’s counterparty, not in the School District's name [As of June 30, 2024, the School District did not have any investments to which this risk would apply.]

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk. (If the School District has adopted a policy for managing credit quality risk, then delete previous sentence and explain such policy.) [The School District's policy for managing credit quality risk is \_\_\_\_\_\_\_\_\_\_.]

The investments subject to credit quality risk are reflected below:



Concentration of Credit Risk

If entity has a concentration of credit risk >= 5% invested in any one issuer excluding U.S. Government obligations or obligations explicitly guaranteed by U.S. Government, mutual funds, external investment pools and other pooled investments, a disclosure of investment amount and maturity date(s) by issuer is required. Otherwise, delete this section.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. (If the School District has adopted a formal policy for managing concentration risk then delete previous sentence and explain such policy.) [The School District's policy for managing concentration of credit risk is \_\_\_\_\_\_\_\_\_\_.] More than 5% of the School District's investments are in \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_ (insert name of applicable investments). This (These) investment(s) is (are) \_\_\_\_% (and \_\_\_\_\_\_%, respectively,) of the School District’s total investments.

Foreign Currency Risk

O.C.G.A. §36-83-4 does not allow investing in foreign currencies; therefore, this risk should not exist for School Districts. Delete this section if no foreign currencies.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The School District does not have a formal policy for managing foreign currency risk. (If the School District has adopted a formal policy for managing foreign currency risk then delete previous sentence and explain such policy here.) [The School District's policy for managing foreign currency risk is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.]

## **NOTE : RESTRICTED ASSETS**

Modify or omit this section if not applicable. It should be presented as one paragraph, and the amounts disclosed should agree with the corresponding amounts on the Statement of Net Position.

The restricted assets represent the cash balance and investment balance, totaling $\_\_\_\_\_\_\_\_\_ and $\_\_\_\_\_\_\_\_\_\_\_\_\_\_, respectively, for the [QZAB Bond Sinking Fund]. In addition, the restricted assets represent the cash balance and investment balance, totaling $\_\_\_\_\_\_\_\_\_ and $\_\_\_\_\_\_\_\_\_\_\_\_\_\_, respectively, for the [QSCB Bond Sinking Fund].

## **Note : CAPITAL ASSETS and intangible right-to-use assets**

Modify this note and update the accompanying tables as appropriate.

The following is a summary of changes in the capital assets for governmental activities [and business-type activities] during the fiscal year:



If the School District has any collections (such as are or historical treasures) that are not capitalized, describe the collection and disclose why the assets are not capitalized. See GASB Statement No. 34, paragraph 118.

Include and modify the following paragraph if School District is estimating capital asset amounts related to a financed purchase (i.e. energy efficiency leases).

The capital assets above include significant amounts of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (asset category) which have been valued at estimated historical cost. The estimated historical cost was based on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (standard costing, normal costing, replacement cost).

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



If the School District does not report intangible right-to-use assets, delete the rest of this note.

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



Of land and land improvements right-to-use assets, $\_\_\_\_ represents land that the School District is reasonably certain of exercising the option to purchase and therefore is not amortizing over the lease term but rather the useful life.

Current year amortization expense by function is as follows:



## **Note : INTERFUND ASSETS, LIABILITIES, AND Transfers**

Update note as appropriate. Delete any sections that are not applicable.

### 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, 2024, consisted of the following:



Disclose purpose for each interfund balance and disclose which, if any, balance will not be repaid within 1 year of balance sheet date.

### Interfund Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Modify following sentence as appropriate.



Transfers are used to move property tax revenues collected by the general fund to capital projects fund as required match or supplemental funding source for capital construction projects, [Describe purpose. Delete if not needed] and to [Describe purpose. Delete if not needed.]

## **Note : SHORT-TERM DEBT**

If the School District had short-term debt (e.g., anticipation notes and lines of credit) activity during the year, even if no short-term debt is outstanding at year-end, the School District should still include the following note disclosure. See GASB Statement No. 38, paragraph 12, as amended by GASB Statement No. 88, paragraphs 4 and 6. The School District should also disclose summarized information about assets pledged as collateral for the debt and terms specified in the debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. See GASB Statement No. 88, paragraph 5.

The School District issues tax anticipation notes [and obtains temporary loans] in advance of property tax collections, depositing the proceeds in its general fund. This short-term debt is to provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:



## **Note : LONG-TERM LIABILITIES**

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



Note: GAAP specifically require that the terms by which interest rates change for variable rate debt be disclosed. GASB Statement No. 38:10b;2005 GAAFR pg. 225.

Note: If the school district has pledged future revenue to repay debt, the following items are required to be disclosed, GASB Statement No. 48.

1. Specific revenue pledged and the approximate amount of the pledge.
2. Purpose of the debt secured by the pledge.
3. Term of the commitment (i.e. period during which the revenue will not be available)
4. Relationship of the pledged amount of the revenue to the total for that specific revenue.
5. Comparison of pledged revenues recognized during the period to the principal and interest requirements for the debt directly or indirectly collateralized by those revenues.

Note: Debt issued at a premium or discount should be reported and disclosed at its face amount with the discount or premium shown separately as a direct deduction from or addition to the amount of the debt.

Note: GASB No. 88 (implemented in fiscal year 2019) defines debt as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established.

Additional disclosures include:

1. Amount of unused lines of credit.
2. Assets pledged as collateral for debt.
3. Terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses.
4. Notes should separate information about direct borrowings and direct placement of debt from other debt.

### General Obligation Bonds

Modify the following paragraphs to appropriately describe outstanding general obligation debt. The instructions in red and hints in orange provide guidance, but individual circumstances must be considered when compiling the information for this note.

The School District’s bonded debt consists of general obligation bonds that are generally callable [noncallable] with interest payable semiannually [annually]. Bond proceeds primarily pay for acquiring or constructing capital facilities. (Delete the following sentence if not applicable.) [Bonds have also been issued to advance-refund previously issued bonds]. The School District repays general obligation bonds from voter-approved [property and/or sales taxes]. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

Example GASB 88 disclosure

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, 2024. 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.

Describe capital appreciation bonds here. If none, delete following paragraph.

The School District’s general obligation capital appreciation bonds are not subject to redemption prior to maturity. Interest will accrete from the date of delivery to maturity and will be payable solely at maturity. The School District repays general obligation capital appreciation bonds from voter-approved property and sales taxes. General obligation capital appreciation bonds are direct obligations and pledge the full faith and credit of the School District.

Describe current year bond issuances here. If none, delete following paragraphs.

During the current year, the School District issued general obligation bonds totaling $\_\_\_\_ to [describe the purpose].

In the 1st year of an advance refunding add the following paragraph, modify as needed. Use separate note for prior year defeased debt.

During fiscal year 2024, the School District issued $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in general obligation refunding bonds to advance refund $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of outstanding bonds. The bond issue of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ less underwriters and bond issue cost of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ provided net proceeds of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The total net proceeds plus additional debt service funds of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on portions of the 20\_\_\_ and 20\_\_\_ bond issues. As a result, portions of the 20\_\_\_ Series Bonds and portions of the 20\_\_\_ Series Bonds are considered defeased, and the liability for these portions has been removed from the Government-wide Statement of Net Position. The School District refunded the aforementioned bonds to reduce its total debt service payments over \_\_\_\_\_\_\_\_\_\_\_ years beginning subsequent to fiscal year 20\_\_\_ by $\_\_\_\_\_\_\_\_\_\_\_\_\_ and to obtain an economic gain (difference between the present values of total debt service payments and the old and new debt) of $\_\_\_\_\_\_\_\_\_\_\_\_\_. If the advanced refunding was a part of dual-purpose bond issue, a portion for capital outlay and a portion for the refunding delete the last sentence and insert the following. The School District refunded the aforementioned bonds to reduce its total debt service payments over \_\_\_\_\_ years beginning subsequent to fiscal year \_\_\_\_\_ by $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Due to the nature of this advanced refunding the economic gain cannot be determined.]

Of the total amount(s) originally authorized, $\_\_\_\_\_ remains unissued. (If all the authorized bonds were issued, delete the preceding sentence.) General obligation bonds currently outstanding are as follows:

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



### Qualified Zone Academy Bonds (QZAB)

Update note as appropriate. If the School District does not have QZABs delete the paragraph.

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the establishment of special academic programs, in partnership with the business community. The School District, in agreement with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, has entered into such an arrangement.

This agreement establishes a method of repayment for qualified interest-free debt instrument. The agreement requires the School District to deposit funds annually into a sinking fund account on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The amount on deposit at June 30, 2024 was $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Example GASB No. 88 disclosure

The School District’s outstanding Qualified Zone Academy Bonds of $\_\_\_\_\_\_\_ contain a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make payment.

Debt currently outstanding under Qualified Zone Academy Bonds is as follows:



The following schedule reports the annual Qualified Zone Academy Bond payments:



### Qualified School Construction Bonds (QSCB)

Update note as appropriate. If the School District does not have QSCBs delete the note.

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest, payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2024 was $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which funded all but $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of interest expense due on the QSCB.

Example GASB No. 88 disclosure

The School District’s outstanding Qualified School Construction Bonds of $\_\_\_\_\_\_\_ contain a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make payment.

Debt currently outstanding under Qualified School Construction Bonds is as follows:



The following is a schedule of total Qualified School Construction Bond payments:



### Intergovernmental Agreement

Modify the following paragraph and associated tables to describe the School District’s Intergovernmental Agreement debt. If the School District does not have Intergovernmental Agreement, delete this section.

The School District entered into a contract with the [Enter third party name], dated [Enter date], 2024, for the issuance of revenue bonds to provide funds for [Describe purpose] capital outlay projects of the School District. Under the terms of the contract, the [Enter third party name] issued $\_\_\_\_\_\_\_\_ [less issuance costs of $ \_\_\_\_\_\_\_\_] in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

Example GASB No. 88 disclosure

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

Debt currently outstanding under intergovernmental agreement is as follows:



The following is a schedule of total intergovernmental agreement payments:



NOTE TO PREPARER: Add a disclosure at this location for any of the following items if they exist.

1. The existence of any significant bond covenants and liquidation agreements.

2. Violations of bond covenants, finance related legal or contractual provisions include actions taken to address these violations.

3. The nature and amount of contingent and moral obligations, and no-commitment debt, and any actions by the government to extend an obligation to pay. See ASLGU 11.12 for definition.

4. An existing or anticipated inability to pay debt when due.

### Revenue Bonds

Modify the following paragraph and associated tables to describe the School District’s revenue bond debt. If the School District does not have revenue bonds, delete this section.

The School District entered into a contract with the [Enter third party name], dated [Enter date], 2024, for the issuance of revenue bonds to provide funds for [Describe purpose] capital outlay projects of the School District. Under the terms of the contract, the [Enter third party name] issued $\_\_\_\_\_\_\_\_ [less issuance costs of $ \_\_\_\_\_\_\_\_] in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

Example GASB 88 disclosure

*The School District’s outstanding revenue bonds of $\_\_\_\_\_\_\_ contain a provision that in an event of default, outstanding amounts may become immediately due if the School District is unable to make payment.*

Debt currently outstanding under revenue bonds is as follows:



The following is a schedule of total revenue bond payments:



NOTE TO PREPARER: Add a disclosure at this location for any of the following items if they exist.

1. The existence of any significant bond covenants and liquidation agreements.

2. Violations of bond covenants, finance related legal or contractual provisions include actions taken to address these violations.

3. The nature and amount of contingent and moral obligations, and no-commitment debt, and any actions by the government to extend an obligation to pay. See ASLGU 11.12 for definition.

4. An existing or anticipated inability to pay debt when due.

### Promissory Notes

Update note as appropriate. If the School District does not have promissory notes delete the note.

Promissory notes are authorized in a county-wide referendum, whereby the School District has entered into a lending agreement with a commercial lending institution.

Example GASB 88 disclosure

*The School District’s outstanding obligations from promissory notes related to governmental activities of $\_\_\_\_\_\_\_\_\_\_ contain a provision that in the event of default, the lessor has the option to declare all payments immediately due, take possession of the equipment, or terminate the escrow agreement and apply any payments in the escrow fund to the amount due.*

The debt currently outstanding, associated with this agreement is as follows:



The following is a schedule of total promissory notes payments:



### Leases

Modify the following paragraph to describe the School District’s leases. If the School District does not have leases, delete this section.

The School District has acquired [describe assets by major classes] 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, 2024:



If the School District entered one or more leases during the current year, edit the following paragraphs. If not, delete these paragraphs.

Repeat the following paragraph for each new lease.

During the current fiscal year, the School District entered into a lease agreement as lessee for the right-to-use \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at a cost of $\_\_\_ with a down payment of $\_\_\_\_. This lease qualifies as a lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Leases currently outstanding are as follows:



The following is a schedule of total lease payments:



### Subscription Liabilities

Modify the following paragraph to describe the School District’s Subscription Liabilities. If the School District does not have Subscription Liabilities, delete this section.

The School District has entered into certain subscription-based contracts to use vendor-provided information technology (IT) 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 subscription liabilities for accounting purposes. The subscription asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the subscription based information technology arrangement term.

Please include details about variable payments below, if applicable. For example, costs of additional users from the initial agreement.

For the fiscal year 2024, the School District recognized expense for variable payments related to index changes and payments on performance of $\_\_\_\_\_ and termination penalties of $\_\_\_\_\_. [There were no variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2024.]

If the School District has Subscription Assets-in-progress during the current year, edit the following paragraphs. If not, delete this paragraph.

The School District entered additional subscription agreements that have not yet commenced as of   
June 30, 2024. The terms range is \_\_\_\_\_\_\_\_\_\_\_ with a future commitment of $\_\_\_\_\_\_\_\_\_.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2024:



If the School District entered one or more subscription liabilities during the current year, edit the following paragraphs. If not, delete these paragraphs.

Repeat the following paragraph for each new subscription liability.

During the current fiscal year, the School District entered into a subscription agreement for the right-to-use \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at a cost of $\_\_\_\_\_\_\_ with a down payment of $\_\_\_\_\_\_\_. This subscription liability qualifies as a subscription liability for accounting purposes, and, therefore, has been recorded at the present value of the future minimum subscription payments as of the date of inception.

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

Subscription liabilities currently outstanding are as follows:



The following is a schedule of total subscription liability payments:

### 

### Financed Purchase Arrangements

Modify the following paragraph and associated tables to describe the School District’s financed purchase arrangements (e.g., energy efficiency agreements, buses). If the School District does not have these, delete this section.

An energy efficiency agreement dated [insert date] was executed by and between the School District and [insert lending institution]. The agreement authorized the borrowing of $\_\_\_\_\_ for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the agreement shall be made from the School District’s general fund [edit if another fund].

Example GASB 88 disclosure

The School District’s outstanding obligations from an energy efficiency agreement related to governmental activities of $\_\_\_\_\_\_ contain a provision that in an event of default, [insert lending institution] has the option of declaring outstanding amounts immediately due and payable or they make take possession of project, equipment, machinery or supplies.

The following was acquired through the financed purchase agreement and is reflected in the capital asset note at fiscal year end:



Debt currently outstanding is as follows:



The following is a schedule of total financed purchase agreement payments:



### Pollution Remediation Obligations

Modify the paragraph and associated tables as appropriate. If the School District does not have pollution remediation obligations, delete this section.

The School District is the owner of [name of building] located at \_\_\_\_\_\_\_\_\_\_\_\_\_ and is responsible for [describe the general nature of pollution]. (If the amount of the liability is known include the following sentence.)The School District has recorded a liability and expense related to this pollution remediation in the amount of $\_\_\_\_\_\_\_\_\_\_, on the Statement of Net Position and on the Statement of Activities. The estimates of the liabilities are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected. (In subsequent fiscal years insert this sentence.)Those adjustments are reported in the Statement of Activities as change in estimated pollution remediation liability. (If the amount of the liability is not reasonably estimable, a general description of the nature of the pollution remediation activities should be disclosed.)Pollution remediation liability activity was as follows:

### 

### Compensated Absences

This note disclosure is not required if the Board has a sick leave policy which has no provision for payments at termination or retirement or vacation leave is not material. Delete if not required.

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

Include this sentence if the School District does not report a liability in the financial statements and the compensated absences amount is significant.

However, the accumulated compensated absences liability at June 30, 2024, is material to the government-wide financial statements and has not been recorded in these financial statements as required by generally accepted accounting principles.

Include this sentence if the School District recorded compensated absences for the first time this year.

For fiscal year 2024, the School District began recording the accumulated compensated absences liability at June 30 in the government-wide financial statements. This is a change in accounting principle.

### Asset Retirement Obligations

If the School District has recognized any assets retirement obligations, it should disclose the information GASB Statement No. 83, paragraphs 27-29, require.

## **Note : RISK MANAGEMENT**

### Insurance

Commercial Insurance

Update this section to describe commercial insurance maintained by the district.

OPTION 1 – The School District does not carry any commercial insurance (participates in GSBA Risk Management Fund, GSBA Workers’ Comp and/or self-insured.)

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.

OPTION 2 – The School District has commercial insurance to cover claims related to all risk describe below.

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. 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.

OPTION 3 – The School District’s commercial insurance does not cover all risk and the School District has elected to self-insure in some cases. Update the following two paragraphs as appropriate. Common adjustments are included in red.

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 describe 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.

Modify the following paragraph as necessary.

The School District has elected to self-insure for losses related to [torts, errors or omissions, assets and natural disasters.] [In addition, the School District has elected to self-insure for errors or omissions, which includes, among other risks, risks for sexual harassment and discrimination.] The School District has not experienced any losses related to these risks in the past three years.

Edit this paragraph for OPTION 1 or 2. Disclose the amount of any insurance settlement that exceeded entity's insurance coverage for each of the past three years for torts, assets or natural disaster. Delete any sentences that are not applicable.

For the \_\_\_\_\_\_\_\_\_\_ fiscal year, a natural disaster claim (flood damage) filed by the School District exceeded commercial insurance coverage by $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Federal Emergency Management Agency (FEMA) funds in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ have been awarded to the School District with the remainder of the loss being absorbed by the School District. (Edit last sentence if claims/losses have exceeded insurance in either of the two preceding years.) Settled claims have not exceeded commercial insurance for the two years preceding fiscal year 2024.

Georgia School Boards Association Risk Management Fund

Include this section if the School District is part of the GSBA Risk Management Fund. Ensure the describe coverage is accurately presented in the following paragraphs as it varies by School District. If the School District is not part of the pool, delete this section.

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

For any of the sections above, disclose whether there were significant reductions in insurance coverage from coverage in the prior year by major category of risk.

For the current fiscal year, due to the costs of available coverage, the School District significantly reduced coverage for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (type of insurance).

### Workers’ Compensation

Select the appropriate option below. Modify the paragraph as needed.

OPTION 1: The School District pays workers’ compensation claims from the general fund; no other fund contributes.

The School District has established a limited risk management program for workers’ compensation claims. (If GF reflects a reserve for self-insurance (workers’ compensation) insert the following sentence.) [In connection with this program, a self-insurance reserve has been established within the general fund by the School District.] The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loss per occurrence, up to the statutory limit.

OPTION 2: The School District pays workers’ compensation claims from the general fund; all funds contribute on a pro rata basis.

The School District has established a limited risk management program for workers’ compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that program’s payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loss per occurrence, up to the statutory limit.

OPTION 3: The School District workers’ compensation claims are paid out of an Internal Service Fund; all funds contribute on a pro rata basis.

The School District has established a limited risk management program for workers’ compensation claims. A premium is charged when needed by the internal service fund to each user program on the basis of the percentage of that program’s payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expense and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loss per occurrence, up to the statutory limit.

OPTION 4: The School District is participating in a workers’ compensation risk pool. The common pools are listed below. A similar disclosure is required for any other pool the entity has joined. Delete any sections that are not applicable to the district.

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.

Georgia Education Workers’ Compensation Trust

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

Include the following table for all workers’ compensation choices.

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



### Unemployment Compensation

Select the appropriate option and modify the paragraph as needed.

OPTION 1: The School District pays unemployment compensation claims from general fund; no other fund contributes.

The School District is self-insured with regard to unemployment compensation claims. (If general fund reflects a reserve for self-insurance (unemployment compensation) insert the following sentence.) [In connection with this program, a self-insurance reserve has been established within the general fund by the School District.] The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

OPTION 2: The School District pays unemployment compensation claims from general fund; all funds contribute on a pro rata basis.

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund’s payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims 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.

Include the following table for unemployment compensation choices.

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



OPTION 3: The School District pays unemployment taxes quarterly at a specified rate to the Department of Labor (contributory method).

The School District elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

### Surety Bond

The School District purchased surety bonds to provide additional insurance coverage as follows: (Update the table to accurately present surety bonds maintained by the board.)



## **Note : Fund Balance Classification Details**

The School District’s financial statements include the following amounts presented in the aggregate at June 30, 2024:



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.

Include the following if the School District has adopted such policy. Modify as needed.

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

Note: If "Donor-Restricted Endowments" are material to the "Fund" financial statements, add required disclosures as listed in the codification of GAFRS section 2300.117.

## **Note : Broadband Spectrum agreement**

Effective [date], the School District entered into a [number of years] year(s) use agreement with [Name of Lessee] for the use of excess spectrum capacity on Education Broadband Service licenses currently held by School District. These licenses were granted to the School District by the Federal Communications Commission. The agreement requires monthly payments over the term of the agreement, of which [amount] was recognized during fiscal year 2024 as a general revenue on the Statement of Activities.

## **Note : SIGNIFICANT COMMITMENTS**

### Commitments under Construction Contracts

Update the following section as appropriate. If there is not a GSFIC project number then the name of the school is adequate, e.g. Wilson High Renovations

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2024, together with funding available:



## **Note : SIGNIFICANT CONTINGENT LIABILITIES**

Use following section to disclose information related to Arbitrage Rebate Taxes due.

### Arbitrage Rebate Tax

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of Investment Income received at yields that exceed the issuer's tax-exempt borrowing rates. The U. S. Treasury requires payment every five years, or upon maturity of the bonds, whichever is earlier. (Update the following sentence with specifics related to the liability.) The arbitrage calculation resulted in $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of possible excess earnings, which has the potential of being rebated to the IRS. At June 30, 2024, this amount is reported as a reserve for arbitrage commitments in the \_\_\_\_\_\_ fund.

### 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

If attorney inquiry letter indicates the existence of legal proceedings which are not significant to the financial statements.

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.

Describe material ongoing litigation below.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## **Note : OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

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

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

***Contributions:*** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $\_\_\_\_\_\_\_\_\_ for the year ended June 30, 2024. 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, 2024, the School District reported a liability of $\_\_\_\_\_\_\_\_ for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2022. An expected total OPEB liability as of June 30, 2023 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, 2023. At June 30, 2023, the School District’s proportion was \_\_\_%, which was an increase (decrease) of \_\_­­­­­­­­­\_% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized OPEB expense of $\_\_\_\_\_\_\_\_. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



***Actuarial Assumptions:*** The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022 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, 2023:

***OPEB:***

|  |  |
| --- | --- |
| Inflation | 2.50% |
| Salary increases | 3.00% – 8.75%, including inflation |
| Long-term expected rate of return  Healthcare cost trend rate  Ultimate trend rate  Year of Ultimate trend rate | 7.00%, compounded annually, net of investment expense, and including inflation   7.00%  4.50%  2032 |

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 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males   
  and 106% for females) with the MP-2019 Projection 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 adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2022 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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 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:



***Discount Rate:*** In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.68% was used as the discount rate, as compared with last year's rate of 3.57%. 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 (3.65% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2128.

***Sensitivity of the School District’s proportionate share of the net OPEB liability to changes in the discount rate:*** The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 3.68%, 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 (2.68%) or 1-percentage‐point higher (4.68%) than the current discount rate:



***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:



***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 : RETIREMENT PLANS**

Update based on applicable retirement plans, delete those that are not applicable and modify the information as needed.

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 2024. The School District’s contractually required contribution rate for the year ended June 30, 2024 was 19.98% of annual School District payroll, of which \_\_\_% of payroll was required from the School District and \_\_\_% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $\_\_\_\_\_\_\_\_\_ and $\_\_\_\_\_\_\_\_ from the School District and the State, respectively.

### Employees’ Retirement System

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

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

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

Retirement benefits paid to members are based upon the monthly average of the member’s   
highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost‑of‑living adjustments may also be made to members’ benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member’s monthly pension, at reduced rates, to a designated beneficiary upon the member’s death. Death and disability benefits are also available through ERS.

***Contributions:*** Member contributions under the old plan are 4.00% of annual compensation, up to $4,200.00, plus 6.00% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members’ accounts for refund purposes and are used in the computation of the members’ earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District’s total required contribution rate for the year ended June 30, 2024 was 29.35% of annual covered payroll for old and new plan members and 25.51% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $\_\_\_\_\_\_\_\_\_ for the current fiscal year.

### Public School Employees Retirement System (PSERS)

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

***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 $16.00, 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 $ \_\_\_\_\_\_\_\_\_\_\_\_.

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

(Update based on applicable retirement plans)

At June 30, 2024, the School District reported a liability of $\_\_\_\_\_\_\_ for its proportionate share of the net pension liability for TRS ($\_\_\_\_\_\_\_\_\_) and ERS ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_).

If the State provided support for TRS via on-behalf payments, add the following paragraph and table. If not, delete.

[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:]



The net pension liability for TRS and ERS was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 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, 2023.

At June 30, 2023, the School District’s TRS proportion was \_\_\_\_\_\_%, which was an increase (decrease) of \_\_\_\_\_\_\_\_% from its proportion measured as of June 30, 2022. At June 30, 2023, the School District’s ERS proportion was \_\_\_\_\_\_\_%, which was an increase (decrease) of \_\_\_\_\_% from its proportion measured as of June 30, 2022.

At June 30, 2024, 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 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The PSERS net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 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, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of $\_\_\_\_\_\_\_\_\_\_\_\_ for TRS, $\_\_\_\_\_\_\_\_ for ERS and $\_\_\_\_\_\_\_\_\_ for PSERS and revenue of $\_\_\_\_\_\_\_\_\_\_\_\_\_ for TRS and $\_\_\_\_\_\_\_\_\_ for PSERS. The revenue is support provided by the State of Georgia. [For TRS the State of Georgia support is provided only for certain support personnel.]

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



The School District contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



***Actuarial Assumptions:*** The total pension liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

***Employees' Retirement System:***

|  |  |
| --- | --- |
| Inflation | 2.50% |
| Salary increases | 3.00% – 6.75%, including inflation |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Cost-of-living adjustment | 1.05%, annually |

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

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

Mortality rates are as follows:

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Participant Type** | **Membership Table** | **Set Forward (+)/ Setback (-)** | **Adjustment to Rates** |
| 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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



***Discount Rate:*** The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plans’ fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long‑term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***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% and 7.00%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1‐percentage‐point lower (5.90% and 6.00%) or 1-percentage-point higher (7.90% and 8.00%) than the current rate:



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

***Payables to the pension plan:*** [If the District reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of Statement 68.]

### Defined Contribution Plan

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

The School District selected \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to \_\_\_\_\_\_ % of the employee's base pay.

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

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

The vendor for the plan changed to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in \_\_\_\_\_\_\_\_\_ (date).

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



## **Note : RESTATEMENT OF PRIOR YEAR NET POSITION ANd FUnd Balance**

Insert the appropriate note for significant change. Modify as needed.

OPTION 1: The School District is restating prior year net position and fund balance.

For fiscal year 2024, the School District made prior period adjustments for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which requires the restatement of the June 30, 2023 net position in governmental activities and fund balance in the [general fund and capital projects fund]. These changes are in accordance with generally accepted accounting principles.



OPTION 2: The School District is restating prior year net position with no impact to the fund statements.

Net position as of July 1, 2023, has been restated as follows for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. This change is in accordance with generally accepted accounting principles.

Insert a table if there is more than one restatement to explain each. See excel file for table.

OPTION 3: The School District is restating prior year net position and prior year Fund Balance.

Insert note for significant change. Modify as needed.

Net position in governmental activities and fund balance in the [insert name] Fund(s) as of   
July 1, 2023 have been restated for\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. These changes are in accordance with generally accepted accounting principles.

## **Note : PRIOR YEAR DEFEASEMENT OF DEBT**

Modify as needed to disclose prior year defeasement of debt, Delete note if not applicable.

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's basic financial statements. [On \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2023/2024, a portion of these bonds were redeemed.] At June 30, 2024, $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of bonds outstanding are considered defeased.

## **Note : TAX ABATEMENTS**

The School District should consider when to disclose an abatement agreement individually versus in the aggregate. The FMGULA provides guidance that all abatement agreements that total 10% or more of the total taxes abated should be disclosed individually. If another amount is decided to be more appropriate for a School District modify note as needed.

If a School District is a in a large county with many abatements, please review the GASB 77 Illustrative examples and/or contact GDOE or your audit manager for help in drafting a note disclosure.

OPTION 1: Aggregate (made need to modify paragraph if more than one entity entered into agreements to abate taxes that impacted the School Districts taxes)

The School District property tax revenues were reduced by $\_\_\_\_\_\_\_\_\_\_\_\_\_ under agreements entered into by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Under the [entity entering agreement] annual budget for fiscal year 20XX-20XX, the [entity] reimburses the School District for one-third of the reduction in tax revenues. The School District received $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in fiscal year 20XX.

OPTION 2: Individually

BLANK County 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 BLANK County.

For the fiscal year ended June 30, 20XX, BLANK County abated property taxes due to the School District that were levied on \_\_\_\_\_\_\_\_\_, 20XX and due on ­­­­\_\_\_\_\_\_\_\_\_\_, 20XX totaling $\_\_\_\_\_\_\_\_\_\_. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

* A 30 percent property tax abatement to a [manufacturing plant relocating and increasing employment.] The abatement amounted to $\_\_\_\_\_\_\_\_\_\_\_\_\_.
* A 100 percent property tax abatement to a timber company employing residents. The company provides a payment in lieu of taxes of $\_\_\_\_\_\_\_\_\_\_\_\_\_. The abatement amounted to $\_\_\_\_\_\_\_\_\_\_\_\_\_.

## **Note : SPECIAL [EXTRAORDINARY] ITEMS**

Describe items and associated costs/revenues associated with special/extraordinary items which would include costs related to environmental disasters, natural disasters - such as tornados, hurricanes, floods, earthquakes - terrorist acts, a large bequest by private citizens, material gains or sale of assets, lawsuit settlements

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## **Note : Deficit Fund Balance of Indiviudal Funds**

Disclose any fund balance deficits. Delete the note if not applicable.

Funds [and individual nonmajor funds] reporting a deficit fund balance at the fiscal year end, are as follows:



Note: Add description of the corrective action plan the Board has created to liquidate the deficit(s). Include millage rate increase or $ of additional taxes levied, if available.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## **Note : Impairment of Assets**

Modify the note to describe any impaired assets. Update the table as appropriate. Delete the note if there was not an impairment.

During the current year, the School District has recognized that the following assets qualified as impaired due to [description of impairment].



This impairment loss is reported on the financial statements as a [program expense, operating expense, special item or extraordinary item].

## **Note : RELATED PARTY TRANSACTIONS**

Add disclosure regarding any related party transactions.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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## **Note : SUBSEQUENT EVENTS**

Use if investments or account receivables incurred significant losses.

At June 30, 2024, investments held in \_\_\_\_\_\_\_ were valued at $\_\_\_\_\_\_\_\_. Subsequent to this date, these investments have experienced a significant decline in value to an amount estimated at $\_\_\_\_\_\_\_\_, a decrease of \_\_\_%.

At June 30, 2024, accounts receivable valued at $\_\_\_\_\_\_\_\_\_\_ were due from various organizations and businesses that are no longer in operation. There is little likelihood of collection of these receivables in the future.

Add following G.O. Bond note, if Bonds were authorized subsequent to fiscal year end.

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The proceeds from these bonds will be used for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The School District has issued $\_\_\_\_\_\_\_\_\_\_ of these bonds as of the report date.

The School District issued $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of general obligation bonds that were authorized in prior years.

Describe other material subsequent events that should be disclosed such as new SPLOST referendum or new component unit.

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## **Note : SERVICE CONCESSION ARRANGEMENTS**

If School District has service concession arrangements modify the note as appropriate. Delete the note if the School District does not have service concession arrangements.

Service concession arrangements are between a government (transferor) and a third party (operator) in which all the following criteria are met:

1. The School District conveys to the operator the right and obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration. Significant consideration could be in the form of up‐front payments, installment payments, a new facility or improvements to existing facility.
2. The operator collects and is compensated by fees from third parties.
3. The School District has the ability to modify or approve what services the operator is required to provide, to whom services are provided, and prices or rates that can be charged for those services.
4. The School District is entitled to significant residual interest in the service utility of the asset at the end of the arrangement.

On [insert date], the School District entered into an agreement with [insert company name] (the third party), whereby the third party will operate and collect revenues for School District (bookstore, food service, etc.) operations from service recipients. The third party is required to operate the [insert facility type or name] in accordance with the contractual agreement. Under the terms of the agreement the School District received a lump sum upfront payment of $\_\_\_\_\_\_\_\_\_ from the third party.

And/or

Under the terms of the agreement, the School District receives yearly installment payments of   
$\_\_\_\_\_\_\_\_\_ from the third party, which have an estimated present value of $\_\_\_\_\_\_\_\_\_\_\_.

And/or

In addition to any upfront or installment payments, the School District also receives a percentage of annual revenues. For fiscal year ended June 30, 2024, the School District received $\_\_\_\_\_\_\_ from the third party based on sales/collections.

At fiscal year end, the School District reports the [insert facility name] as a capital asset with a net carrying value of $\_\_\_\_\_\_\_\_\_\_\_\_. The School District also reports a deferred inflow of resources of $\_\_\_\_\_\_\_\_. Finally, as part of the contractual agreement, the School District is responsible for insuring the [insert facility name] and for providing maintenance services. The School District is reporting a present value obligation of $\_\_\_\_\_\_\_\_ for these services.