Going Further.

Cobb County School District

Auditor's Discussion & Analysis

Financial & Compliance Audit Summary

June 30, 2022

Presented by:
Adam Fraley, CPA
www.mjcpa.com

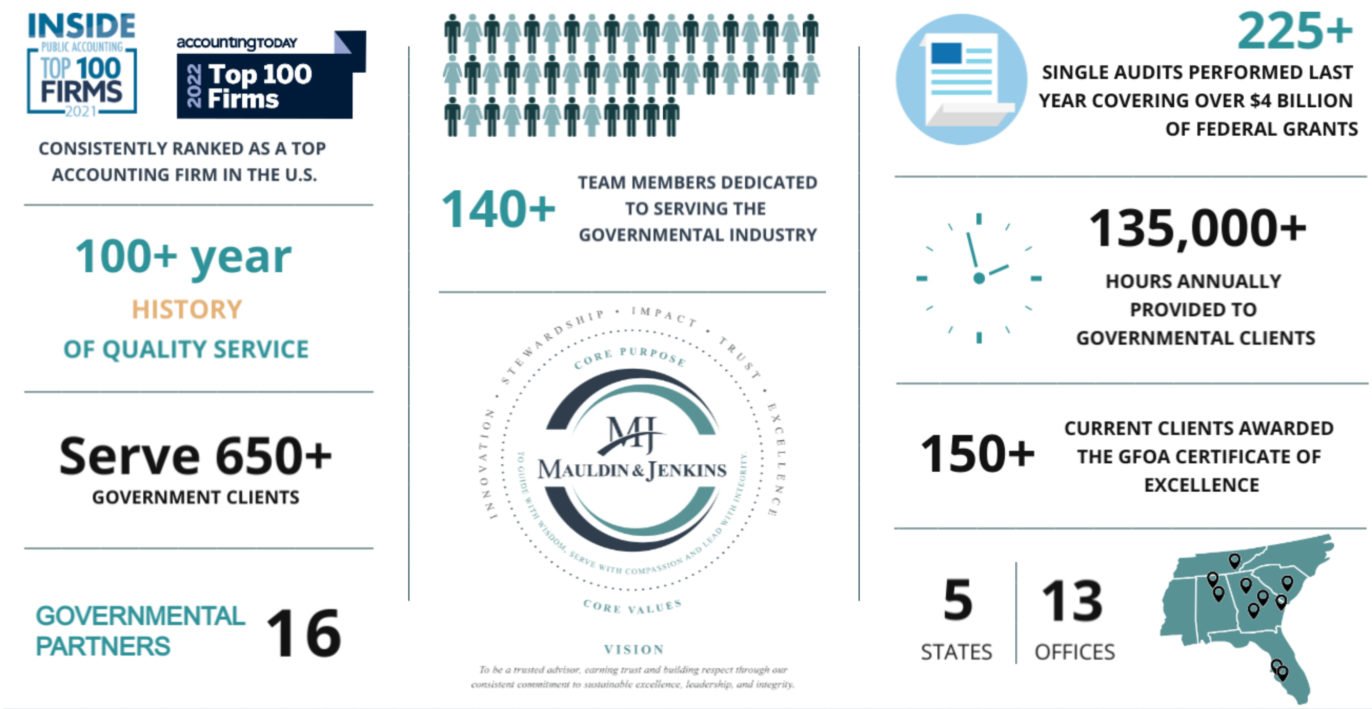
Cobb County School District

Auditor's Discussion & Analysis (AD&A)

June 30, 2022

PURPOSE OF ANNUAL AUDITOR'S DISCUSSION & ANALYSIS

- Engagement Team and Firm Information:
  - The Governmental Practice
  - Additional Information Regarding Other Industries & Services
- Overview of:
  - Independent Auditor's Report
  - Review of the Annual Comprehensive Financial Report
  - Overview of the Financial Statements, Footnotes, and Supplementary Information
  - Compliance Reports (Internal Controls and Laws & Regulations)
- Required Communications under Government Auditing Standards
- Accounting Recommendations and Related Matters
- Free Continuing Education and Newsletters
- Closing Thoughts
- Answering Your Questions



<u>Engagement Team Leaders Include:</u>

- Adam Fraley - Engagement Lead Partner - over 25 years experience
- Christopher McKellar - Assisting Partner - 17 years experience

MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years, our partners have developed expertise in certain industries representative of a cross section of the Georgia economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended.

Emphasis of Matter

The financial statements reflect the implementation of a new pronouncement, Government Auditing Standards Board Statement No. 87, *Leases*, and our opinion is not modified with respect to this.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

REVIEW OF ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

General Information About the ACFR

The Annual Comprehensive Financial Report ("ACFR") goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. The ACFR includes, at a minimum, the following elements/sections:

- **Introductory Section:** general information on the School District's structure and the services it provides.
  - Letter of Transmittal
  - Organizational Chart
  - Directory of Officials
  - Certificate of Achievement for Excellence in Financial Reporting

- **Financial Section:** basic financial statements, footnotes and required supplementary information along with the auditor's report.
  - Independent Auditor's Report
  - Management Discussion & Analysis (MD&A)
  - Financial Statements and Footnotes

- **Statistical Section:** broad range of financial, demographic information useful in assessing the School District's economic condition, and this information covers multiple years.
  - Financial Trends Information
  - Revenue Capacity Information
  - Debt Capacity Information
  - Operating Information

The ACFR goes far beyond the basic requirements of annual financial reporting, and the School District should be commended for going beyond the minimum and providing such a report.

Recognition and Award

Once completed, the fiscal year 2021 ACFR was submitted to the Government Finance Officers Association ("GFOA") for determination if the report would merit the GFOA's Certificate of Achievement for Excellence in Financial Reporting. Due to the timing of the ACFR submission the results have been delayed. However, we fully expect the School District to be awarded the sought-after Certificate.

The 2020 GFOA Certificate has been made a part of the School District's 2022 fiscal year ACFR, and is included in the Introductory Section.

OVERVIEW OF FINANCIAL STATEMENTS

The School District's basic financial statements include three components:

1) Government-wide financial statements;
2) Fund financial statements; and
3) Notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the School District's funds. The *Statement of Net Position* presents information on all assets (and deferred outflows) and liabilities (and deferred inflows) of the School District, with the resulting difference reported as net position. The *Statement of Activities* presents information showing how the School District's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the School District can be divided into two (2) categories: governmental funds (includes the General Fund) and fiduciary funds.

The School District also includes, as part of the ACRF, the following information:

1) Special Purpose Local Option Sales Tax (SPLOST) Schedules, and
2) Single Audit schedules and reports.

Government-Wide (Full-Accrual) Financial Statements (in thousands)

As noted above, the financial report of the Government includes two (2) entity-wide financial statements: a *Statement of Net Position*; and a *Statement of Activities*.

Highlights of the government-wide statements notes total assets (and deferred outflows of resources) of approximately $3,126,000 offset by liabilities (and deferred inflows of resources) of approximately $2,593,000. This results in the School District reporting net position (or equity) of approximately $532,000. Important to note the pension related deferred outflows and inflows along with the net pension liability (required of GASB Statement Nos. 68 and No. 71) all of which nets to a net liability effect of $835,000. It is also important to note the OPEB related deferred outflows and inflows along with the net OPEB liability (required of GASB Statement No. 75) all of which nets to a net liability effect of $893,000. A substantial element of the net position is composed of a net investment in capital assets in the approximate amount of $1,656,000. Restricted net position amounts to approximately $202,000 leaving unrestricted net position at a deficit of $1,325,000.

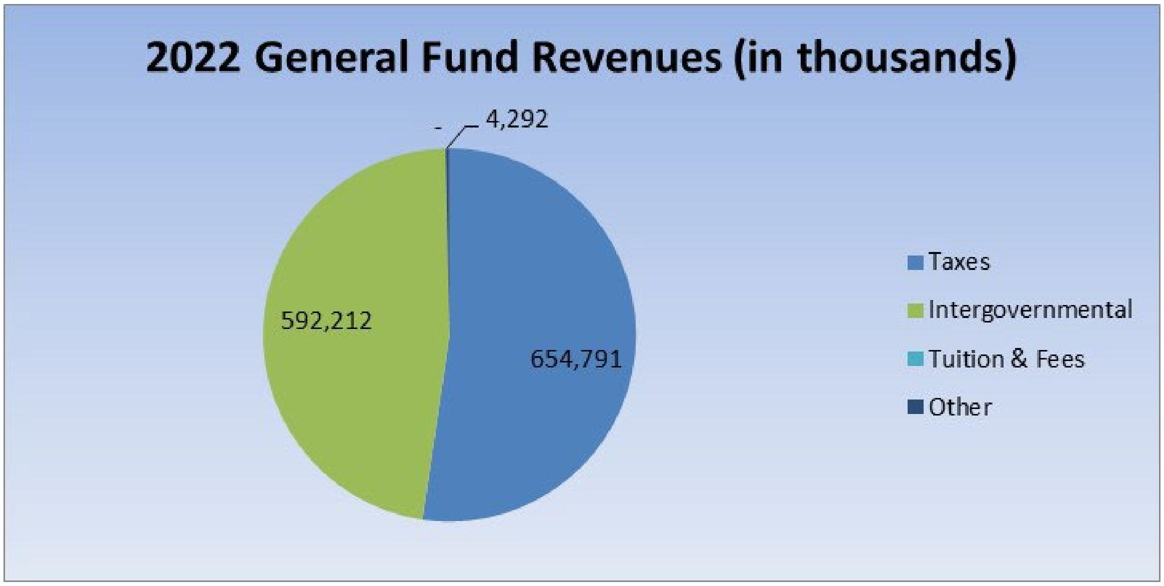
The *Statement of Activities* attempts to report expenses in the first column with direct offsetting program revenues to the adjacent columns to arrive at a net cost of the functional areas of operation. General revenues (primarily property taxes and sales taxes) come to the rescue of the net cost functional areas resulting in the Government reporting a change in net position of approximately $304,000 for the fiscal year ended June 30, 2022.

MAULDIN & JENKINS

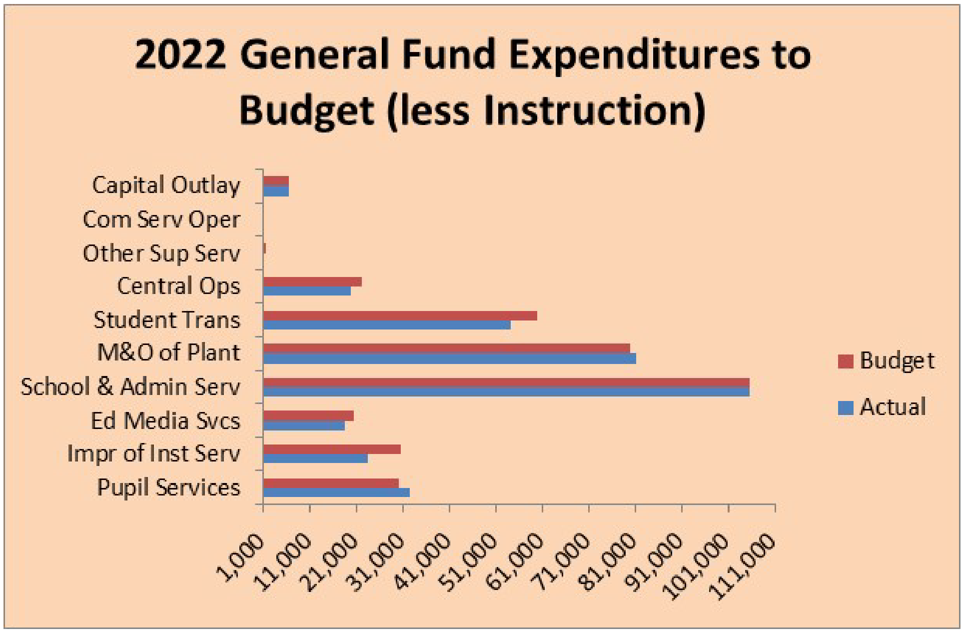
CPAs & ADVISORS

General Fund

Of primary interest to the District is the **General Fund**, which accounts for the majority of revenues received and funds expended in the operations of the District. The following charts present the sources of revenues, the expenditures of the General Fund for the fiscal year ended June 30, 2022:

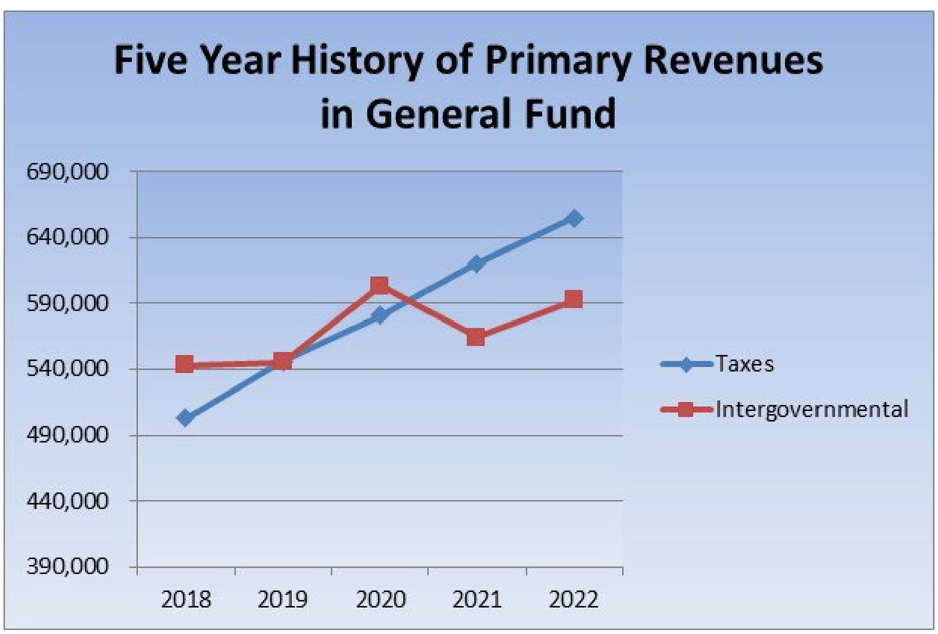


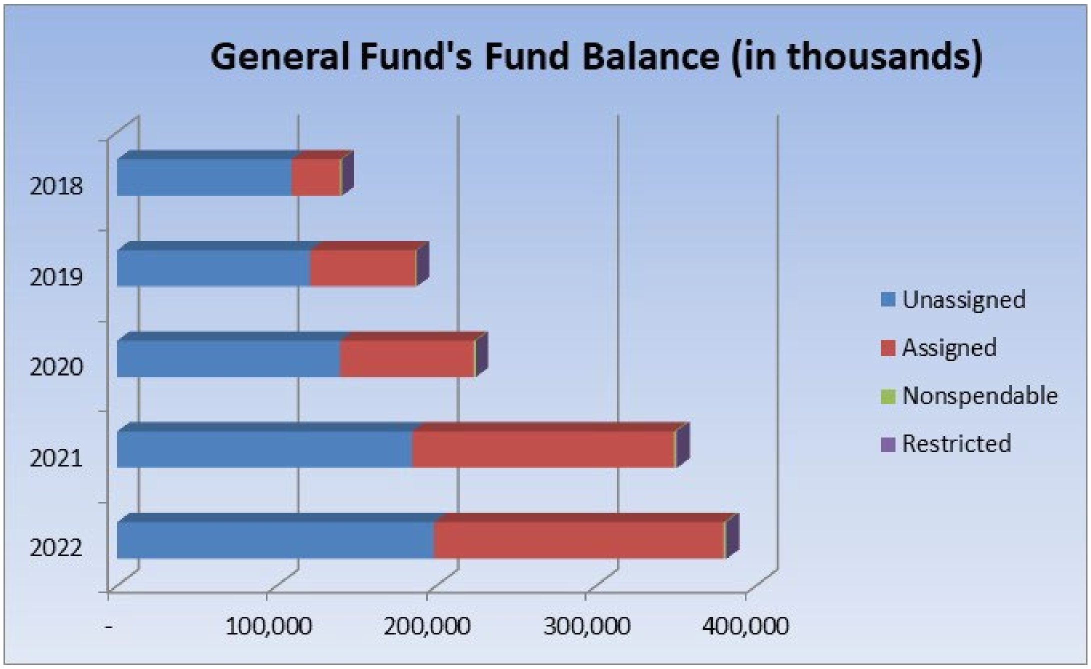
Total General Fund revenues for the fiscal year ended June 30, 2022 were $1,251,000. Revenues of the prior year were $1,187,000. The most significant variances were increases in tax and intergovernmental revenues of $34,000 and $28,000, respectively.



Total expenditures, including transfers out, during the year ended June 30, 2022 were $1,219,000, of which $870,000 related to instructional costs. Expenditures, including transfers out, of the prior year were $1,061,000, of which $734,000 related to instructional costs. The most significant variance was an increase in instructional expenditures of $135,000.

More detailed explanations of variances can be found in the Management's Discussion and Analysis section of the financial statements. An analysis of General Fund revenues and fund balance for each of the last four fiscal years is as follows:





Fund balance of the General Fund at June 30, 2022 was $382,000, an increase from the prior year's balance of $351,000. It is important to note that fund balance does not necessarily equate to funds on hand available to spend. Fund balance is the difference between assets and liabilities, only some of which is cash and investments. Additionally, certain amounts of fund balance are nonspendable (0.3%), restricted (0.2%) or assigned by the District for specific purposes (47.5%). This leaves the remaining 51.9% of the District's fund balance at June 30, 2022 available for spending.

Other Governmental Funds

The School District also maintains twenty-one (21) *special revenue funds.* These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities. *Capital projects funds* are used to account for revenues and expenditures related to the renovation and/or construction of major capital assets. Four (4) capital projects funds are maintained by the School District.

Footnotes

Note 1 – Accounting Policies: This footnote discusses the overall organization of the District and the nature of its operations. This note also discloses pertinent information regarding the governing body of the District.

This footnote continues by sharing with a reader of the financial statements the significant accounting policies and principles utilized in the preparation of the financial statements.

Note 2 – Legal Compliance – Budgets: This footnote discloses the District's procedures in establishing its annual budgets and discloses the District's excesses of actual expenditures over appropriations for the year.

Note 3 – Deposits and Investments: This disclosure addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Note 4 – Nonmonetary Transactions: This disclosure addresses the donated commodities received from other governments.

Note 5 – Capital Assets: This footnote discloses the District's capital asset activity and its related accumulated depreciation for the year.

Note 6 & 7 – Interfund Receivables, Payables, and Transfers: This footnote discloses detailed information on the School District's interfund balances and transfers and the purpose of these balances and transactions.

Note 8 – Risk Management: This footnote discloses the contingencies from potential litigation, claims, and assessments filed against the District.

Notes 9, 10, & 11 – Short-term notes and Long-term Obligations: These footnotes disclose the District's short-term note and long-term debt activity for the year, and other information for the compensated absences of the District.

Note 12 – On Behalf Payments: This footnote discloses the amount of health insurance and retirement contributions paid on behalf of the District by other governments.

Note 13 – Commitments and Contingencies: This footnote discloses information regarding the District's various contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Footnotes (Continued)

Note 14 – Pension Plans: This footnote discloses information regarding the District's pension plan, including funding policies and the amount of required contributions as compared to actual contributions.

Note 15 – Other Postemployment Benefits (OPEB): This footnote discloses information regarding the District's other postemployment benefits, including funding policies and the amount of required contributions as compared to actual contributions.

Note 16 – Subsequent Event: This footnote discloses information regarding the District's events subsequent to fiscal year end.

Note 17 – Change in Accounting Principle: This footnote discloses information regarding the implementation of GASB Statement No. 87, *Leases*.

COMPLIANCE REPORTS

The financial report package contains two (2) compliance reports.

Yellow Book Report: The first compliance report is a report on our tests of the School District's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the School District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the School District's internal controls and compliance with applicable rules and regulations.

Single Audit Report: The second compliance report is a report on our tests of the School District's internal controls and compliance with laws, regulations, etc. relative to certain Federal grant programs and the respective expenditures. Our tests were performed on the Government's major programs (as defined by the relevant Federal guidelines), and were not applied to each and every Federal grant expended by the Government. In accordance with the respective standards, we did provide an unmodified (or positive) opinion on the School District's compliance based on our audit. However, we were not required to provide an opinion on the relevant internal controls, but to provide a form of negative assurance on such controls.

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under *Government Auditing Standards* and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of Cobb County School District (the "School District") for the year ended June 30, 2022, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing* Standards, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the School District's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the selection and use of appropriate accounting policies used by the School District. During the current year, the Government implemented Governmental Accounting Standards Board (GASB) Statement No. 87. In addition, there are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the School District's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The School District's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the School District's significant accounting policies. Estimates significant to the financial statements include such items as the estimated incurred-but-not-reported liabilities.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by Management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with Management over the application of significant accounting principles, the basis for Management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with Management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations Management had with us or other accountants about accounting or auditing matters. No major issues were discussed with Management prior to our retention to perform the aforementioned audit.

Audit Adjustments

During our audit of the School District's basic financial statements as of and for the year ended June 30, 2022, there were no audit adjustments proposed to the funds of the School District. There were some adjustments proposed and provided by the School District during the audit process, which are attached to this AD&A.

Uncorrected Misstatements

We had no passed adjustments.

Independence

We are independent of the School District, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the School District.

Required Supplementary Information

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Proportionate Share of Net Pension Liability – Teacher Retirement System of Georgia, Schedule of Contributions – Teacher Retirement System of Georgia, Schedule of Proportionate Share of Net Pension Liability – Public School Employee Retirement System of Georgia, Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, the SPLOST IV schedule of expenditures of Special Purpose Local Option Sales Tax Projects, and the SPLOST V schedule of expenditures of Special Purpose Local Option Sales Tax Projects (the "supplementary information"), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2022, we noted some areas within the accounting and internal control systems that we believe can be improved, which we wish to communicate to you in an effort to keep the School District abreast of accounting matters that could present challenges in financial reporting in future periods. Our recommendations and proactive thoughts and communications are presented in the following paragraphs.

Recommendations for Improvement (Management Points)

1) **Inventory**

Internal controls and effective procedures should be in place to ensure that inventory records are being updated in a timely manner and accurate detail listings are being maintained. During our inventory observation, it was noted that the District did not have sufficient controls and procedures in place to ensure the accuracy of the detail inventory listing at McCall Primary School as of June 30, 2022. The differences noted in our observation of inventory were considered immaterial. We recommend the District implement procedures to ensure that inventory is being adequately controlled and reported at each school.

Management's Response: Food and Nutrition Services (FNS) has a detailed procedure for counting monthly physical food inventory at each school. The physical inventory is counted by two employees, whose counts must agree. If not, a third count is required. Due to staffing shortages at McCall Primary School, as noted in the audit count, this control procedure was not followed completely. FNS staff at McCall Primary have been retrained to ensure future compliance. FNS Coordinators will continue to take spot counts of school inventories during the school year to ensure compliance with this internal control by all schools. Starting in June 2023, the Coordinators will conduct spot inventory counts during the summer, to provide assurance of correct year-end physical inventories.

2) **Local Schools**

During our audit of Cobb County Local Schools, we noted the limited number of employees involved in the various schools and the resulting overlapping of duties cause segregation of duties to be difficult. The following are weaknesses in internal controls that were noted during interviews regarding internal control procedures. During our test procedures, we noted the bookkeeper is responsible for collecting, recording, reconciling collections, preparing deposits and depositing cash. The bookkeeper is responsible for recording entries into the activity ledger, receiving purchases, safeguarding blank checks and mailing signed checks. Without some segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the District. We recommend the District review its processes and determine where it can effectively segregate duties to alleviate the segregation of duties issues as described above and strengthen internal controls.

Management's Response: Management agrees segregation of duties at the school level are a challenge for the District because of limited amount of staff resources to handle financial duties. This is not uncommon for School Districts. Financial Services recommends schools utilize their backup Bookkeepers and other clerical staff to mitigate the risks associated with the inadequate separation of bookkeeper duties of receiving purchases, disbursement, recording processes, safeguarding blank checks, as well as mailing the signed checks. Additionally, Financial Services recommend schools utilize the backup Bookkeeper for collecting, recording and preparing deposits. Management will continually review current processes to minimize this concern.

3) Employee Shortage

The District's operations have been impacted during the last three (3) years as a result of a worker shortage in key school district operational areas such as Bus Drivers, Food Service Workers and Substitute Teachers. Steps should be taken in the short term as well as the long term to address this issue. Many employers have introduced remedies such as increased wages and bonus pay as an incentive to prospective employees in these areas.

Management's Response: Management agrees that the COVID-19 pandemic has impacted the District's operations and resulted in worker shortages in key school district operational areas such as bus drivers, food service workers and substitute teachers. The District has taken measures to address worker shortages in fiscal year 2022 and 2023 by increasing the daily rate of pay for substitute teachers, supply teachers, and substitute and supply nurses. In fiscal year 2022, the District paid a $1,200 retention bonus to bus drivers and monitors in both December 2021 and May 2022. Food service workers received a $600 bonus in both January 2022 and June 2022. A $2,000 bonus supplement was paid in April 2022 to all permanent full-time and part-time employees of the District in order to mitigate possible staff shortages in the near future. In fiscal year 2023 to attract and retain bus drivers, the Board of Education approved an increase in pay of $5.25 per hour for current bus drivers and a starting pay of $25 per hour for new bus drivers. The result has been a decrease in bus driver vacancies. As part of the fiscal year 2023 budget, the Board approved an 8% raise for all non-temporary employees, a 30% increase in ASP workers' hourly rate of pay and an increase in pay for elementary bookkeepers and clerks. Additionally, the District plans to pay a $1,200 retention bonus to bus drivers and food service workers twice during the fiscal year 2023. Management will continue to monitor the level of staff shortages that occurs in the future and, if needed, evaluate possible solutions.

Cybersecurity

In addition to the above recommendations, we also communicated certain recommendations to management related to internal controls surrounding cybersecurity.

1) New Governmental Accounting Standards Board (GASB) Standards

As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

a) Statement No. 91, *Conduit Debt Obligations* was issued in May 2019 and is effective for the first reporting period beginning after December 15, 2020, meaning for those with year ends of December 31, 2021 and beyond. However, in light of the COVID-19 Pandemic, in May 2020 the GASB Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 91 to reporting periods beginning after December 15, 2021.

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument meeting **all** of the following characteristics:

- There are at least three parties involved: 1) an issuer, 2) a third-party obligor, and 3) a debt holder (or a debt trustee);
- The issuer and the third-party obligor are not within the same financial reporting entity;
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer;
- The third-party obligor (or its agent), not the issuer, ultimately receives the proceeds from the debt issuance;

- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third-party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate, at least annually, whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should **not** recognize a capital asset.
- If the title does not pass to the third-party obligor and the third-party has exclusive use of the entire capital asset during the arrangement, the issuer should **not** recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer should recognize the entire capital asset and a deferred inflow of resources at the inception of the arrangement. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

b) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This statement was issued by the GASB to address a gap in generally accepted accounting principles: how do we account for these type arrangements that do not meet the definition of a service concession arrangement ("SCA") covered by GASB Statement No. 60?

Statement No. 94 requires that Public-Private Partnerships and Public-Public Partnerships ("PPPs") that meet the definition of a lease apply the guidance in Statement No. 87, *Leases* if: (a) existing assets of the transferor are the only underlying PPP assets, (b) improvements are not required to be made by the operator to those existing assets as part of the PPP arrangement, and (c) the PPP does not meet the definition of an SCA. All other PPPs that will not apply the guidance in Statement No. 87 will generally use the accounting guidance contained in Statement No. 60 which was superseded by this new standard.

Statement No. 94 also establishes accounting and financial reporting requirements for availability payment arrangements ("APAs"). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying non-financial asset for a period of time in an exchange or exchange-like transaction. An APA that is related to designing, constructing, and financing a non-financial asset in which ownership of the asset transfers by the end of the contract should be accounted for by the government as a financed purchase of the underlying asset.

c) **Statement No. 96, *Subscription-Based Information Technology Arrangements*** was issued in May 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). This statement: 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology ("IT") software, alone or in combination with tangible capital assets (the "underlying IT assets"), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the School District's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of: 1) the initial subscription liability amount, 2) payments made to the SBITA vendor before commencement of the subscription term, and 3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a School District's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

d) Statement No. 99, *Omnibus 2022* was issued in April 2022 and contains multiple different effective dates for the guidance based on the differing topics. The practice issues addressed by this statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of Statement No. 99 are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

e) **Statement No. 100, *Accounting Changes and Error Corrections*** was issued in June 2022 and is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The primary 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.

This statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements.

This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

f) **Statement No. 101, *Compensated Absences*** was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

g) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB Statement No. 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a School District's accountability. GASB anticipates issuance of a final standard in late 2023 or early 2024.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in mid-2027.
- **Going Concern Uncertainties and Severe Financial Stress** is a major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a School District's exposure to severe financial stress is necessary to disclose. This technical topic is being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. An exposure draft on this topic is expected by mid-2025.

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free quarterly continuing education for all of our governmental clients. Each quarter, we pick a couple of significant topics tailored to be of interest to governmental entities, and offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with our in-house professionals.

Examples of subjects addressed in past quarters include:

- Accounting for Debt Issuances
- Achieving Excellence in Financial Reporting
- Best Budgeting Practices, Policies and Processes
- Best Practices in Banking
- Budget Preparation
- ACFR Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Closing Out and Audit Preparation
- Collateralization of Deposits and Investments
- Component Units
- Cybersecurity Risk Management
- Evaluating Financial and Non-Financial Health of a Local Government
- Financial Report Card – Where Does Your Government Stand?
- Financial Reporting Model Improvements
- GASB No. 74 & 75, New OPEB Standards
- GASB No. 77, Tax Abatement Disclosures
- GASB No. 84, Fiduciary Activities
- GASB No. 87, Leases
- GASB Projects & Updates (ongoing and several sessions)
- Grants (Accounting and Auditing)
- Human Capital Management
- Information Technology (IT) Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements

- Policies and Procedures Manuals
- Presenting Financial Information to Non-Financial People
- Procurement Card Red Flags
- Risk, Efficiency, & Effectiveness in Governments
- Segregation of Duties
- Single Audits for Auditees
- SPLOST Accounting, Reporting & Compliance
- Uniform Grant Guidance

Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

In the past several years, the following topics have been addressed in our monthly newsletters:

- Are Your School District's Funds Secure?
- COVID-19 Updates (several)
- Cybersecurity Awareness
- Deposit Collateralization
- Employee vs Independent Contractor
- Escheat Laws on Unclaimed Property
- Federal Funding and Accountability Transparency Act
- Forensic Audit or Financial Audit?
- Form PT 440
- GASB Invitation to Comment – the New Financial Reporting Model
- GASB No. 72, Fair Value, It is Not Totally About Disclosure
- GASB Nos. 74 & 75, Other Postemployment Benefits (OPEB)
- GASB No. 77, Abatements – Go Viral with GASB No. 77
- GASB No. 84 Fiduciary Activities (Series)
- GASB No. 87, Leases
- GASB No. 89, Accounting for Interest Cost Incurred Before the End of Construction
- GASB No. 91, Conduit Debt Obligations
- GASB No. 93, Replacement of Interbank Offered Rates
- General Data Protection Regulation (GDPR)

You are the best auditors I have ever worked with over my career. It is a big difference having a group that is dedicated to governmental accounting.

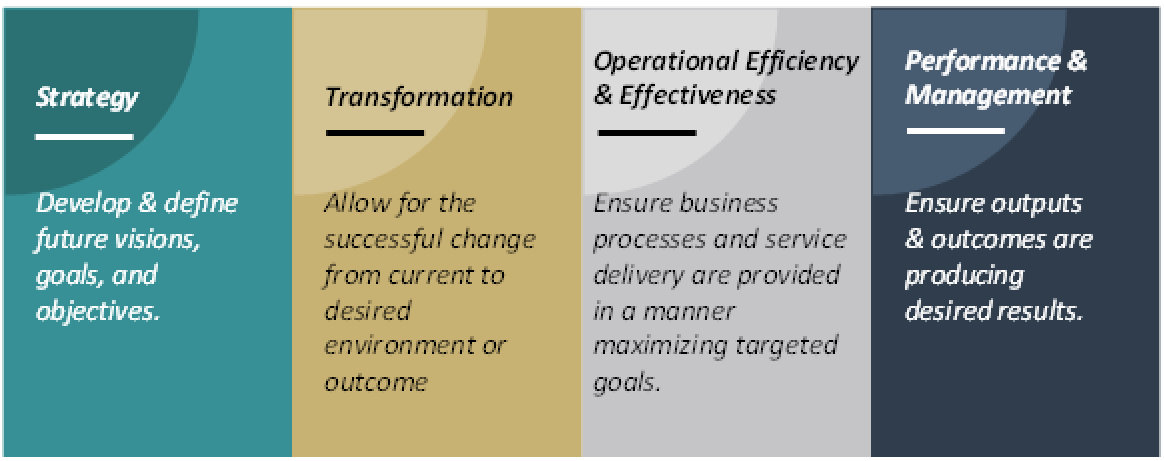
Wesley Ropp, Charleston Water System, Chief Financial Officer

- Grants Management
- OMB Compliance Supplements
- OPEB, What You Need to Know
- Public Funds and Secure Deposit Program
- Rotating or Not Rotating Auditors
- Property Tax Assessments
- Remote Auditing Best Practices
- Refunding Debt
- Sales & Use Taxes on Retail Sales of Jet Fuel
- Sales Tax Collections and Remittances by the State
- SAS Clarity Standards and Group Audits
- Single Audit, including Uniform Guidance (several)
- Social Security Administration (SSA) Incentive Payments
- Special Purpose Local Option Sales Taxes (SPLOST) Expenditures
- Subrecipient Risk Assessment Tool
- Supplemental Social Security for Inmates
- The New Tax Cuts and Jobs Act – Impact on Bond Refunding
- The Return of the Component Unit – GASB No. 61
- Uniform Guidance & New Procurement Requirements
- What's Happening with Property Tax Assessments

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to afraley@mjcpa.com), and provide individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

Governmental Advisory Services

Beyond traditional audit and accounting services and IT services, we provide advisory services that are wide-ranging in nature. Our experienced government advisory team helps governments, governmental agencies and special purpose governmental organizations balance fiscal responsibility with the latest business strategies to achieve targeted and overarching objectives. Our advisory services can be summarized via the following bubbles.



David Roberts
Partner, Governmental Advisory Services

David Roberts has more than 22 years of experience as a consultant and trusted advisor providing operational/organizational assessments and similar transformational projects for federal, state, and local governments across the country. David's experience includes leading numerous enterprise-wide/departmental/functional assessments and transformations over his career measuring the efficiency and effectiveness of organizational structures and culture, performance management, technology systems and strategies, staffing models, service delivery models, and customer satisfaction.

David helps his clients turn visions and goals into reality. He has helped multiple clients win national government industry awards for innovation, transformation, and cost savings.

David leads our Government Advisory practice, where he focuses on helping governments and individual agencies fulfill and exceed their financial, operational, and regulatory obligations to the public.

David has completed hundreds of projects over his career. Below are representative sample management consulting projects demonstrating David's depth and breadth completed within the past 12 months:

Operational and Performance Assessment – *Walton County, Georgia*
David led a multi-department Operational and Performance Assessment for Walton County. The scope included assessing organizational structure, operational efficiency, staffing levels and resource utilization, comparison to leading practices, and observations and recommendations to assist the County in achieving the desired future state. The final report included numerous observations with associated recommendations and a detailed Roadmap/Implementation Plan.

Outsourcing Feasibility Study – *City of Rocky Mount, North Carolina*
David led a feasibility study for the City of Rocky Mount to assess its current service delivery model for providing parks maintenance and landscaping services. City operations used of a hybrid model of both internal resources and third-party contractors to provide parks maintenance and landscaping. The project evaluated the pros and cons (both financial and non-financial) of 1) maintaining the hybrid model, 2) performing all services in-house, and 3) performing all services externally.

Finance Functional Assessment – *Richland County Library, South Carolina*
David led a functional assessment of the Library's finance department. The project consisted of understanding the current state – current service provision, performance, workflow, business processes, internal controls, organizational structure, reporting, and communications. The current state was compared to leading practices and gaps were identified. An implementation roadmap was created that aligned recommendations to leaderships' vision to help the organization achieve its desired future state.

Technology Utilization Assessment – Mt. Pleasant Waterworks (South Carolina)

David led an objective evaluation of the organization's system usage and governance related to the existing financial system (Microsoft Dynamics) and the existing workorder management system (Maximo). The organization wanted to maximize the efficiency and effectiveness of both systems while maintaining internal controls and system of record. The project consisted of numerous interviews, data review, system mapping, and a collaborative workshop among stakeholders to define a future state.

Grant Compliance Audit – *Decide DeKalb (Georgia)*

David led a Grant Compliance Assessment of various development projects for Decide DeKalb. The project reviewed the established grant and contractual criteria to be maintained by developers and compared with tenant information related to low income occupants. The project identified areas of compliance, non-compliance, and recommendations for remediation.

Forensic Audit – *Confidential City*

David led a forensic investigation into questionable cash management activity for a City Parks and Recreation department. The project reviewed bank account activity, cancelled checks, cash withdrawals, and purchased item documentation as well as conducted interviews with account cardholders to determine the collection, handling, and use of several hundred thousand dollars collected in fees, sponsorships, and contributions made to the City. Numerous observations and corresponding recommendations were developed to enhance internal controls, written policies, and procedures to correct conflicts of interest, mishandling of funds, and misappropriation of funds.

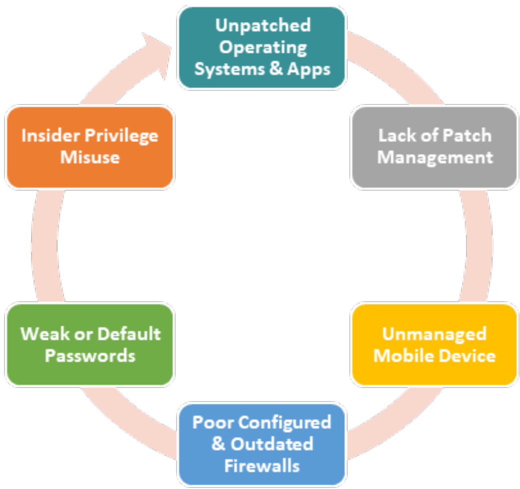
Governmental IT Solutions

Beyond traditional audit and accounting services, Mauldin & Jenkins performs various IT attestation and non-attestation services. The following are three such services.

Cybersecurity Framework Engagements

With governments dealing with IT ransoms, cybersecurity is one of the top issues on the minds of nearly every government (large & small). Managing this business issue is especially challenging. A government with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner.

Services can be provided via: 1) attestation engagements or 2) consulting engagements. The AICPA has established standards for performing attestation engagements in this arena with the issuance of the SOC for Cybersecurity as part of its suite of System and Organization Controls (SOC) reporting. Consulting services can be provided while not compromising auditor independence.



System Vulnerability Assessments Engagements

This is the process of defining, identifying, classifying and prioritizing vulnerabilities in computer systems, applications and networks infrastructures, and providing an assessment with necessary knowledge, awareness and risks to understand the threats to determine appropriate reactions. Using specialized tools and applications, we can access networks to scan with automated tools and interrogate every device connected to network with the objective of searching for misconfigurations, unsupported software, missing software updates and patches, etc.

Penetration Testing Engagements

This is the practice of testing a computer system to find security vulnerabilities that a hacker/attacker could exploit using automation or manual applications. The process involves gathering information about the target before the test, identifying possible entry points, attempting to break in – actually or virtually – and reporting back the findings. Tests come from external or internal angles of entry. Our main objective is to identify security weaknesses. Penetration testing can also be used to: test an organization's security policy; its adherence to compliance requirements; its employees' security awareness; and, the School District's ability to identify and respond to security incidents.

CLOSING

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures. If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the School District's management, and others within the School District's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Cobb County School District and look forward to serving the School District in the future. Thank you.

MAULDIN & JENKINS

CPAs & ADVISORS

Client:	*03005073 - Cobb County Board of Education*
Engagement:	*FY 2022 - Cobb County Board of Education*
Period Ending:	*6/30/2022*
Trial Balance:	*0200.100 - General Fund Trial Balance Database*
Workpaper:	*0204.100 - General Fund Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		PBC		
Client prepared AJE4 to reclassify negative cash				
0100-0000-0000-0000-00000-00-240201-00000-MJ	Due from other funds (negative cash)		37,619,948.00	
0100-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ			37,619,948.00
Total			**37,619,948.00**	**37,619,948.00**
Adjusting Journal Entries JE # 2				
Trivial reclass entry to agree expense groupings to client's paper trial balance				
0100-2220-1310-0000-00000-20-561010-00000-	SUPPLIES		2,321.00	
0100-4000-9990-0119-50250-50-673010-00000-	EQUIPMENT > 10000		226.00	
0100-1000-1021-0189-00000-10-561010-00000-	SUPPLIES			2,457.00
0100-2100-1565-0000-00000-20-561010-00000-	SUPPLIES			90.00
Total			**2,547.00**	**2,547.00**
Adjusting Journal Entries JE # 3		PBC		
Client prepared AJE 3 TO Record LSA as accrual basis				
0100-0000-0000-0000-00000-00-240200-00000-	SCHOOL CENTRAL INVEST PAY		909,324.00	
0100-0000-0000-0000-00000-00-101535-00000-	ACCT REC - LSA PCARD			909,324.00
Total			**909,324.00**	**909,324.00**
	Total Adjusting Journal Entries		**38,531,819.00**	**38,531,819.00**
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 4		PBC TB		
To reclass AR per PBC paper trial balance				
0100-0000-0000-0000-00000-00-101533-00000-	ACCT RECEIVABLE - OTHER		812,881.00	
0100-0000-0000-0000-00000-00-101410-00000-	INTERGOVMENTAL ACCTS REC-STATE			812,881.00
Total			**812,881.00**	**812,881.00**
	Total Reclassifying Journal Entries		**812,881.00**	**812,881.00**
	Total All Journal Entries		**39,344,700.00**	**39,344,700.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.313 - SPLOST IV Fund Trial Balance Database*
Workpaper: *0204.313 - SPLOST IV Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE1 and AJE2 to record retainage and accounts payable, and to reverse PY post TB export entries				
0313-0000-0000-0000-00000-00-379900-00000-	FUND BALANCE - UNRESERVED		419,417.80	
0313-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION		357,251.00	
0313-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			22,048.00
0313-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			335,203.00
0313-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION			419,417.80
Total			**776,668.80**	**776,668.80**
	Total Adjusting Journal Entries		**776,668.80**	**776,668.80**
	Total All Journal Entries		**776,668.80**	**776,668.80**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.318 - SPLOST V Fund Trial Balance Database*
Workpaper: *0204.318 - SPLOST V Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE1 and AJE2 to record retainage and accounts payable, and to reverse PY L5 and L6				
0318-0000-0000-0000-00000-00-379900-00000-	FUND BALANCE - UNRESERVED		192,712.00	
0318-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION		3,309,502.00	
0318-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			224,796.00
0318-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			3,084,706.00
0318-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION			192,712.00
Total			**3,502,214.00**	**3,502,214.00**
	Total Adjusting Journal Entries		**3,502,214.00**	**3,502,214.00**
	Total All Journal Entries		**3,502,214.00**	**3,502,214.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.352 - District Wide Building #2 TB Database*
Workpaper: *0204.352 - District Wide Building #2 Adjusting Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client Prepared AJE3 to correct revenue classifications				
0353-0000-9990-0000-00000-00-419950-00000-	OTHER LOCAL REVENUES		7,550.00	
MJ-0353-1995	TUITION & FEES			7,550.00
Total			**7,550.00**	**7,550.00**
	Total Adjusting Journal Entries		**7,550.00**	**7,550.00**
	Total All Journal Entries		**7,550.00**	**7,550.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.402 - Title I TB Database*
Workpaper: *0204.402 - Title I Adjusting Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to classify negative cash balances				
0000-0000-00000-00-101	EQUITY IN POOL - CASH & EQ		3,755,544.00	
)000-0000-00000-00-2402	DUE TO OTHER FUNDS			3,755,544.00
Total			**3,755,544.00**	**3,755,544.00**
	Total Adjusting Journal Entries		**3,755,544.00**	**3,755,544.00**
	Total All Journal Entries		**3,755,544.00**	**3,755,544.00**

Client:	*03005073 - Cobb County Board of Education*			
Engagement:	*FY 2022 - Cobb County Board of Education*			
Period Ending:	*6/30/2022*			
Trial Balance:	*0200.404 - Special Education TB Database*			
Workpaper:	*0204.404 - Special Ed Fund AJE Report*			
Account	**Description**	**W/P Ref**	**Debit**	**Credit**
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to classify negative cash balances				
0000-0000-00000-00-101	EQUITY IN POOL - CASH & EQ		3,744,921.00	
000-0000-00000-00-2402	DUE TO OTHER FUNDS			3,744,921.00
Total			**3,744,921.00**	**3,744,921.00**
	Total Adjusting Journal Entries		**3,744,921.00**	**3,744,921.00**
	Total All Journal Entries		**3,744,921.00**	**3,744,921.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.406 - Vocational Education TB Database*
Workpaper: *0205.406 - Vocational Education RJE Report (none)*

Account	Description	W/P Ref	Debit	Credit
	Total All Journal Entries		**0.00**	**0.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.414 - Title II TB Database*
Workpaper: *0204.414 - Title II AJE Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to classify negative cash balances				
0414-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		518,485.00	
0414-0000-0000-0000-0000-00000-00-200100-00000-	DUE TO OTHER FUNDS			518,485.00
Total			**518,485.00**	**518,485.00**
	Total Adjusting Journal Entries		**518,485.00**	**518,485.00**
	Total All Journal Entries		**518,485.00**	**518,485.00**

Client: ***03005073 - Cobb County Board of Education***
Engagement: ***FY 2022 - Cobb County Board of Education***
Period Ending: ***6/30/2022***
Trial Balance: ***0200.420 - CRF TB Database***
Workpaper: ***0204.420 - CRF AJE Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0000-0000-00000-00-101	EQUITY IN POOL CASH AND EQ		188,989.00	
000-0000-00000-00-2402	DUE TO OTHER FUNDS			188,989.00
Total			**188,989.00**	**188,989.00**
	Total Adjusting Journal Entries		**188,989.00**	**188,989.00**
	Total All Journal Entries		**188,989.00**	**188,989.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.432 - Homeless Grant TB Database*
Workpaper: *0204.432 - Homeless Grant AJE Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0432-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		42,261.00	
0432-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			42,261.00
Total			**42,261.00**	**42,261.00**
	Total Adjusting Journal Entries		**42,261.00**	**42,261.00**
	Total All Journal Entries		**42,261.00**	**42,261.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.448 - ARPA TB Database*
Workpaper: *0204.448 - ARPA AJE Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0448-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL CASH 5091		27,726,063.10	
0448-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			27,726,063.10
Total			**27,726,063.10**	**27,726,063.10**
	Total Adjusting Journal Entries		**27,726,063.10**	**27,726,063.10**
	Total All Journal Entries		**27,726,063.10**	**27,726,063.10**

Client:	*03005073 - Cobb County Board of Education*
Engagement:	*FY 2022 - Cobb County Board of Education*
Period Ending:	*6/30/2022*
Trial Balance:	*0200.460 - Title III TB Database*
Workpaper:	*0204.460 - Title III AJE Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0460-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		216,566.00	
0460-0000-0000-0000-240201-00-00000-00000-MJ	DUE TO OTHER FUNDS			216,566.00
Total			**216,566.00**	**216,566.00**
	Total Adjusting Journal Entries		**216,566.00**	**216,566.00**
	Total All Journal Entries		**216,566.00**	**216,566.00**

Client:	*03005073 - Cobb County Board of Education*
Engagement:	*FY 2022 - Cobb County Board of Education*
Period Ending:	*6/30/2022*
Trial Balance:	*0200.462 - Title IV TB Database*
Workpaper:	*0204.462 - Title IV AJE Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0462-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		483,856.00	
0462-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			483,856.00
Total			**483,856.00**	**483,856.00**
	Total Adjusting Journal Entries		**483,856.00**	**483,856.00**
	Total All Journal Entries		**483,856.00**	**483,856.00**

Client:	*03005073 - Cobb County Board of Education*			
Engagement:	*FY 2022 - Cobb County Board of Education*			
Period Ending:	*6/30/2022*			
Trial Balance:	*0200.510 - Adult Education TB Database*			
Workpaper:	*0204.510 - Adult Education AJE Report*			
Account	**Description**	**W/P Ref**	**Debit**	**Credit**
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0510-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		214,849.00	
0510-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			214,849.00
Total			**214,849.00**	**214,849.00**
	Total Adjusting Journal Entries		**214,849.00**	**214,849.00**
	Total All Journal Entries		**214,849.00**	**214,849.00**

Client:	*03005073 - Cobb County Board of Education*			
Engagement:	*FY 2022 - Cobb County Board of Education*			
Period Ending:	*6/30/2022*			
Trial Balance:	*0200.532 - GNETS TB Database*			
Workpaper:	*0204.532 - GNETS AJE Report*			
Account	**Description**	**W/P Ref**	**Debit**	**Credit**
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client prepared AJE4 to reclassify negative cash				
0532-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		728,214.00	
0532-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			728,214.00
Total			**728,214.00**	**728,214.00**
	Total Adjusting Journal Entries		**728,214.00**	**728,214.00**
	Total All Journal Entries		**728,214.00**	**728,214.00**

Client:	***03005073 - Cobb County Board of Education***
Engagement:	***FY 2022 - Cobb County Board of Education***
Period Ending:	***6/30/2022***
Trial Balance:	***0200.550 - Facility Use/Public Safety TB Database***
Workpaper:	***0204.550 - Facility Use Public Safety AJE Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		PBC		
Client Prepared AJE3 to correct revenue classifications				
9990-0000-00000-00-419	OTHER LOCAL REVENUE		1,323,045.00	
9990-0000-00000-00-419	OTHER LOCAL REVENUE		512,566.00	
000-0000-00000-00-4130	TUITION AND FEES			1,323,045.00
000-0000-00000-00-4131	TUITION AND FEES			512,566.00
Total			**1,835,611.00**	**1,835,611.00**
Adjusting Journal Entries JE # 2		PBC		
Client prepared AJE6 to reclass deposit payable				
0000-0000-00000-00-249	DEPOSITS PAYABLE		500.00	
0000-0000-00000-00-242	AP CONTROL ACCT			500.00
Total			**500.00**	**500.00**
	Total Adjusting Journal Entries		**1,836,111.00**	**1,836,111.00**
	Total All Journal Entries		**1,836,111.00**	**1,836,111.00**

Client: ***03005073 - Cobb County Board of Education***
Engagement: ***FY 2022 - Cobb County Board of Education***
Period Ending: ***6/30/2022***
Trial Balance: ***0200.551 - After School Program TB Database***
Workpaper: ***0204.551 - After School Combined Journal Entries Report - 2***

Account	Description	W/P Ref	Debit	Credit
	Total All Journal Entries		**0.00**	**0.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.580 - Miscellaneous Grants TB Database*
Workpaper: *0204.580 - Miscellaneous Grants Fund AJE Report (none)*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass function code for capital outlay				
000-0000-00000-00-6734	CAPITAL OUTLAY		75,716.00	
9990-8100-00000-10-664	BOOKS & PERIODICALS			74,518.50
9990-8101-00000-50-664	BOOKS & PERIODICALS			1,197.50
Total			**75,716.00**	**75,716.00**
	Total Reclassifying Journal Entries		**75,716.00**	**75,716.00**
	Total All Journal Entries		**75,716.00**	**75,716.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.600 - School Nutrition TB Database*
Workpaper: *0204.600 - School Nutrition AJE Report (none)*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
to reclass function code for capital outlay				
000-0000-00000-00-6734	CAPITAL OUTLAY		64,695.00	
9600-0000-50630-50-673	TECHNOLOGY RELATED > 10000			64,695.00
Total			**64,695.00**	**64,695.00**
	Total Reclassifying Journal Entries		**64,695.00**	**64,695.00**
	Total All Journal Entries		**64,695.00**	**64,695.00**

Client:	***03005073 - Cobb County Board of Education***
Engagement:	***FY 2022 - Cobb County Board of Education***
Period Ending:	***6/30/2022***
Trial Balance:	***0200.691 - Unemployment Compensation TB Database***
Workpaper:	***0204.691 - Unemployment AJE Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client Prepared AJE3 to correct revenue classifications				
9990-0000-00000-00-419	OPER REV INTERNAL SERVICES		110,356.00	
MJ-1970	CHARGES FOR SERVICES			110,356.00
Total			**110,356.00**	**110,356.00**
	Total Adjusting Journal Entries		**110,356.00**	**110,356.00**
	Total All Journal Entries		**110,356.00**	**110,356.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2022 - Cobb County Board of Education*
Period Ending: *6/30/2022*
Trial Balance: *0200.692 - Self Insurance TB Database*
Workpaper: *0204.692 - Self Insurance Fund Reclassifying Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
Client Prepared AJE3 to correct revenue classifications				
9990-0000-00000-00-419	OPER REV INTERNAL SERVICES		7,264,001.00	
MJ-1970	CHARGES FOR SERVICES			7,264,001.00
Total			**7,264,001.00**	**7,264,001.00**
	Total Adjusting Journal Entries		**7,264,001.00**	**7,264,001.00**
	Total All Journal Entries		**7,264,001.00**	**7,264,001.00**