Cobb County School District

Auditor's Discussion & Analysis

Financial & Compliance Audit Summary

June 30, 2021

Presented by:

MAULDIN & JENKINS
CPAs & ADVISORS

Cobb County School District

Auditor's Discussion & Analysis (AD&A)

June 30, 2021

PURPOSE OF ANNUAL AUDIT AGENDA

- Engagement Team and Firm Information.

- Overview of:
  - Audit Opinion;
  - Financial Statements, Footnotes and Supplementary Information; and
  - Compliance Reports.

- Required Communications under Government Auditing Standards.

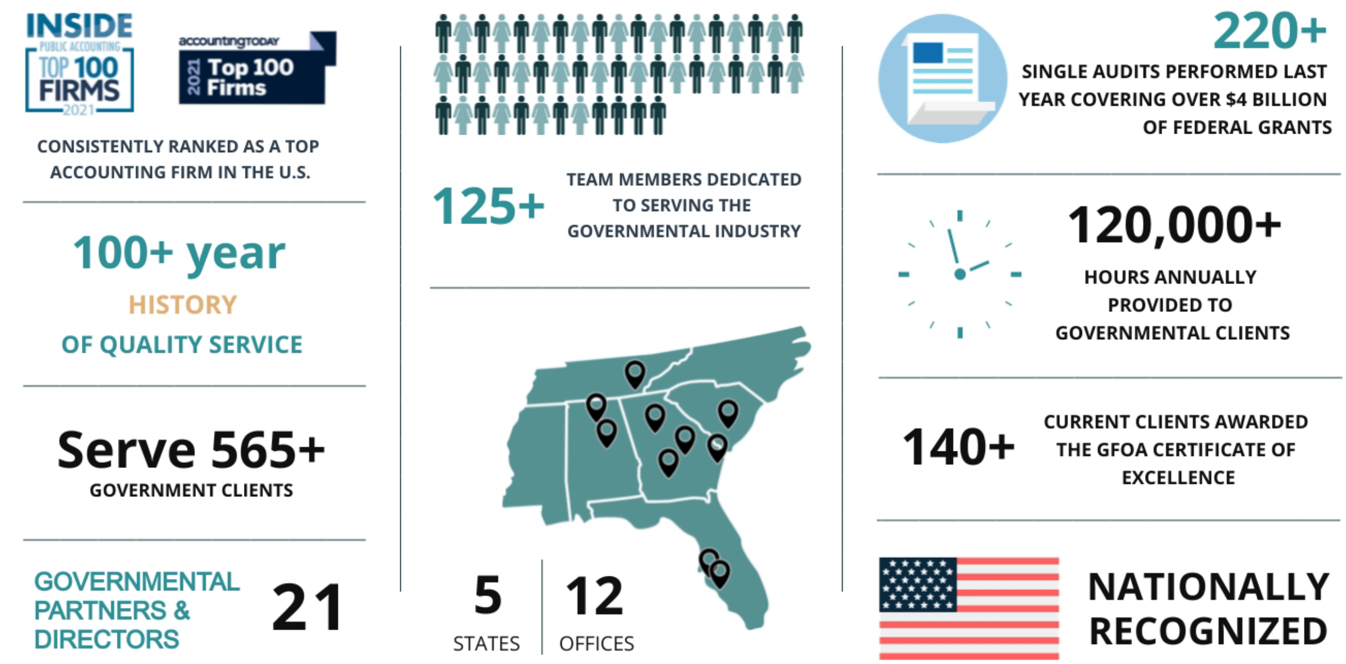
- Accounting Recommendations and Other Matters.

- Other Items and Closing Thoughts.

- Answer Questions.

100 years
MAULDIN & JENKINS
a century of success

MAULDIN & JENKINS – GOVERNMENTAL PRACTICE



Engagement Team Leaders for Cobb County Board of Education Include:

- Adam Fraley – Engagement Lead Partner – over 20 years experience, 100% governmental
- Christopher McKellar – Director – 15 years experience, 100% governmental

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 & 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 & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition & 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 June 30, 2021.

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 2020 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. We are happy to inform everyone that the GFOA did indeed review the ACRF and awarded the School District with the sought after Certificate.

The GFOA and ASBO Certificates have been made a part of the School District's 2021 fiscal year ACRF, 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)

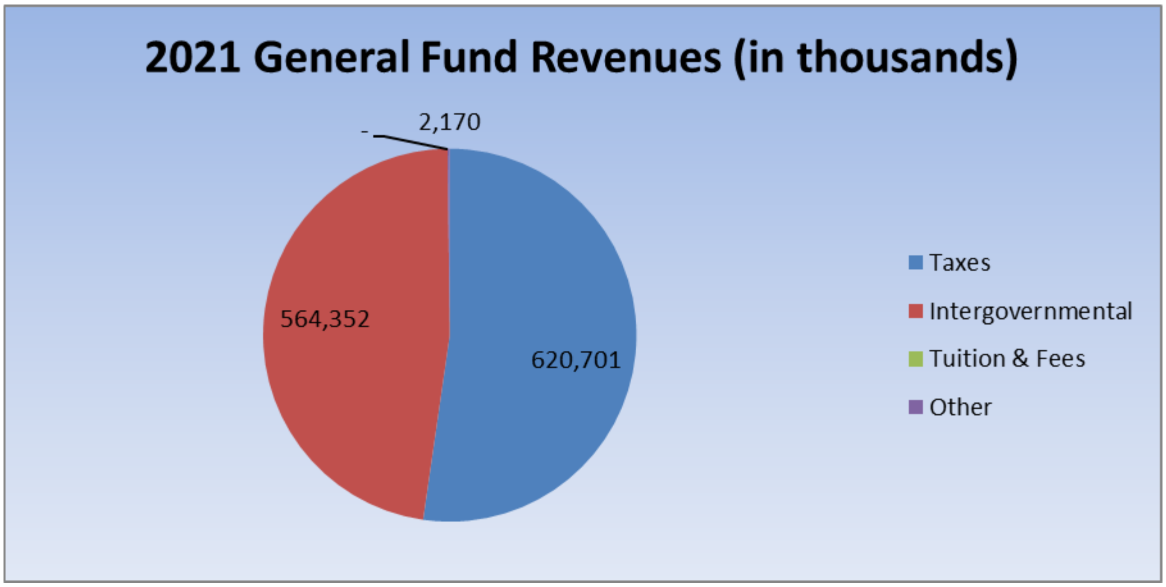
As noted above, the financial report of the Government includes two (2) entity-wide financial statements: a *Statement of Net Position*; and a *Statement of Activities*.

Highlights of the government-wide statements notes total assets (and deferred outflows of resources) of approximately $2,989,000 offset by liabilities (and deferred inflows of resources) of approximately $2,759,000. This results in the School District reporting net position (or equity) of approximately $230,000. 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 $963,000. 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 $920,000. A substantial element of the net position is composed of a net investment in capital assets in the approximate amount of $1,627,000. Restricted net position amounts to approximately $120,000 leaving unrestricted net position at a deficit of $1,517,000.

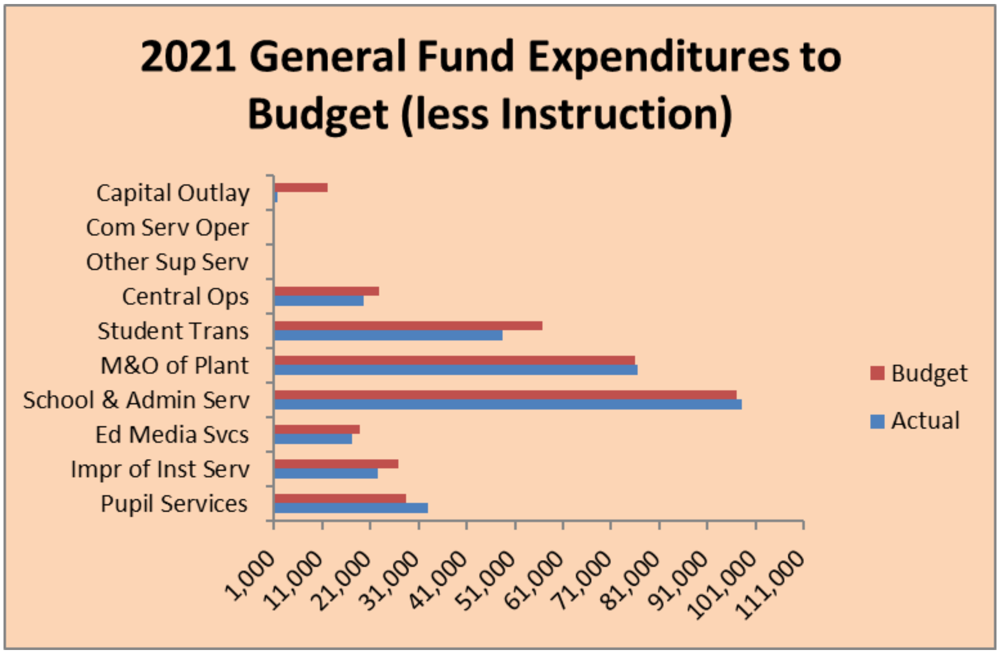
The *Statement of Activities* attempts to report expenses in the first column with direct offsetting program revenues to the adjacent columns to arrive at a net cost of the functional areas of operation. General revenues (primarily property taxes and sales taxes) come to the rescue of the net cost functional areas resulting in the Government reporting a change in net position of approximately $55,000 for the fiscal year ended June 30, 2021.

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, 2021:

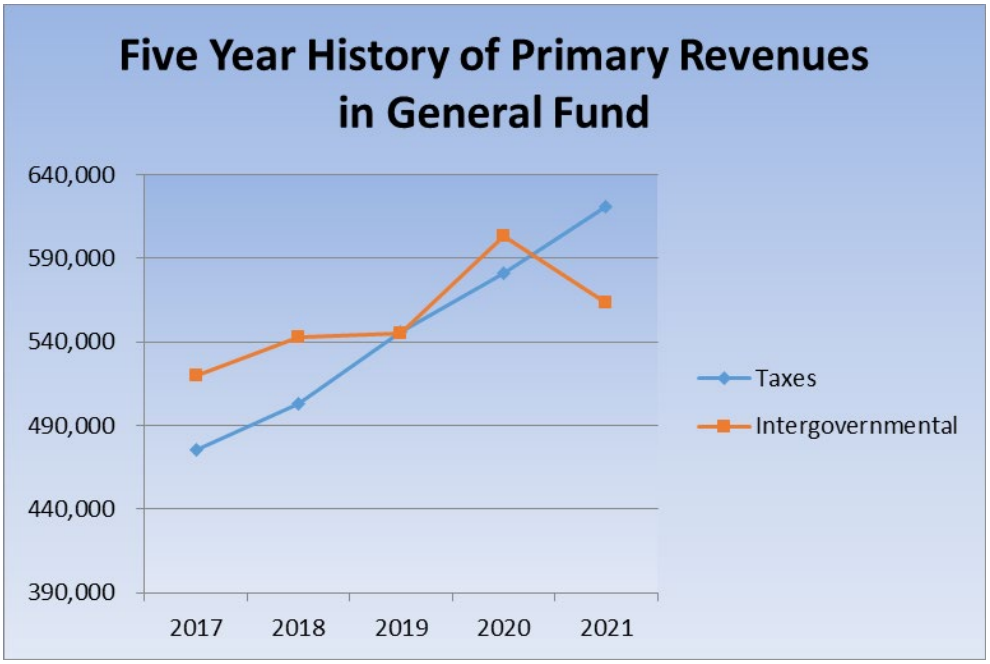


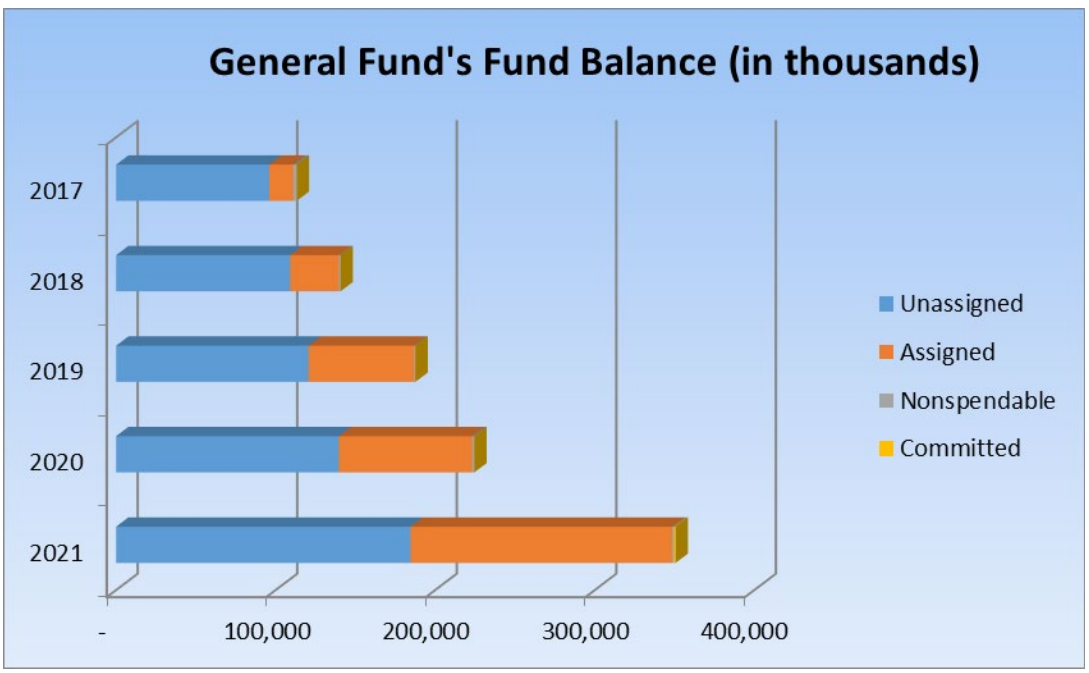
Total General Fund revenues for the fiscal year ended June 30, 2021 were $1,187,000. Revenues of the prior year were $1,193,000. The most significant variances were increases in tax revenues of $40,000 and a decrease in intergovernmental revenue of $39,000.



Total expenditures, including transfers out, during the year ended June 30, 2021 were $1,061,000, of which $734,000 related to instructional costs. Expenditures, including transfers out, of the prior year were $1,156,000, of which $824,000 related to instructional costs. The most significant variance was a decrease in instructional expenditures of $87,000.

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, 2021 was $351,000, an increase from the prior year's balance of $225,000. 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 (0.4%), restricted (0.3%) or assigned by the District for specific purposes (46.7%).

This leaves the remaining 52.6% of the District's fund balance at June 30, 2021 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.

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.

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, 2021 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 appropriateness of the accounting policies used by the School District. 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 of 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, 2021, 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.

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, 2021, we noted certain items management should consider as part of its decision making process. Further, we noted other matters 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)

Local Schools

1. 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.

Employee Shortage

2. The District's operations have been impacted during the last two (2) 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 by temporarily 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 and plans to pay another $1,200 retention bonus in May 2022. Food Service workers received a $600 bonus in January 2022 and will receive another $1,200 bonus in June 2022. A $2,000 bonus supplement will be 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. Management will continue to monitor the level of staff shortages that occurs in the future and try to evaluate possible solutions to address the issue.

Cybersecurity

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

Other Matters for Communication to the Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2021, we noted other matters 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.

1) New Governmental Accounting Standards Board (GASB) Pronouncements

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. 87, *Leases* was issued in June 2017 and is effective for the first reporting period beginning after December 15, 2019. 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. 87 to fiscal years beginning after June 15, 2021.

This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that a lease is the financing of the right to use an underlying asset.

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease: A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the "underlying asset") as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Lease Term: The lease term is defined as the period during which a lessee has a non-cancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option;
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option;
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option; and
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised. Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option;
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option; and
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases: A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting: A *lessee* should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A *lessee* should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting: A *lessor* should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with multiple Components and Contract Combinations: Generally, a government should account for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations: An *amendment* to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by re-measuring the lease liability and adjusting the related lease asset by a lessee and re-measuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions: Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

b) **Statement No. 90, *Majority Equity Interests – An Amendment of GASB's Statement No. 14 and 61*** was issued in August 2018, and is effective for reporting periods beginning after December 15, 2018 (meaning June 30, 2020). 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. 90 to reporting periods beginning after December 15, 2019.

Under this standard, an equity interest is: a) a financial interest in a legally separate organization by the ownership shares of the organization's stock; or, b) by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if: a) the government has a present or future claim to the net resources of the entity, and b) the method for measuring the government's share of the entity's net resources is determinable.

If the interest is deemed to be an investment under GASB Statement No. 72, paragraph 64, then the interest should be reported as an investment and measured using the equity method. If the interest is held by a special-purpose government engaged in fiduciary activities, a fiduciary fund, or an endowment or permanent fund, then amount should be measured at fair value. If interest is 100% of entity, then it is a component unit. We do not expect this new standard to have a significant effect on the County.

c) 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; and
- 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.

d) Statement No. 92, *Omnibus 2020* was issued in January 2020 and because it is an omnibus standard, contains several different effective dates as follows (as amended by Statement No. 95 issued in May 2020):

- For fiscal years beginning after June 15, 2021 relative to the requirements related to intra-entity transfers of assets and those related to the applicability of Statement Nos. 73 and 74.
- For reporting periods beginning after June 15, 2021 relative to the requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities.
- For government acquisitions occurring in reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition.
- Other items addressed by this omnibus statement (requirements related to Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments) were effective upon issuance.

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68, as amended, and Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

e) **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 nonfinancial asset for a period of time in an exchange or exchange-like transaction. An APA that is related to designing, constructing, and financing a nonfinancial 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.

f) 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 noncancellable 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 government'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 government'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.

g) **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*** was issued in June 2020 and is effective for fiscal years beginning after June 15, 2021 (year ends of June 30, 2022 and following).

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts.

This statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement No. 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities

h) **Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance** was issued as temporary relief to governments in light of the COVID-19 pandemic. Statement No. 95 delays the implementation of certain standards by 12 months (83, 84, 88, 89, 90, 91, 92, and 93) and GASB Statement No. 87 by 18 months. The City has delayed the implementation of GASB Statement No. 84 *Fiduciary Activities* as a result.

i) 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 government's accountability. GASB anticipates issuance of a final standard in mid-2022.
- **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 late 2024/early 2025.
- **Compensated Absences** is a technical topic being examined by the GASB currently due to significant changes in benefits offered by governmental employers. Current GAAP does not address certain items such as paid time off ("PTO") and there is a wide divergence in practice when it comes to the accounting treatment afforded the different types of paid leave. A final standard on this topic is expected by the end of 2022.
- **Prior-Period Adjustments, Accounting Changes, and Error Corrections** is a technical topic being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. A final standard on this topic is expected by mid-2022.

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 continuing education (quarterly is the goal and objective) for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we 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 providing the instruction utilizing our in-house professionals. We hope School District staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:

- Accounting for Debt Issuances
- Best Budgeting Practices, Policies and Processes
- ACRF Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Collateralization of Deposits and Investments
- Evaluating Financial and Non-Financial Health of a Local Government
- GASB No. 51, Intangible Assets
- GASB No. 54, Governmental Fund Balance (subject addressed twice)
- GASB No. 60, Service Concession Arrangements (webcast)
- GASB No. 61, the Financial Reporting Entity (webcast)
- GASB Nos. 63 & 65, Deferred Inflows and Outflows (webcast)
- GASB Nos. 67 & 68, New Pension Stds. (presented several occasions)
- GASB No. 72, Fair Value Measurement and Application
- GASB Nos. 74 & 75, OPEB
- GASB No. 77, Tax Abatement Disclosures
- GASB Updates (ongoing and several sessions)
- Grant Accounting Processes and Controls
- Information Technology Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Segregation of Duties
- Single Audits for Auditees the Uniform Guidance for New Single Audits
- SPLOST Accounting, Reporting & Compliance
- Uniform Grant Reporting Requirements and the New Single Audit

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.

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 to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

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.

100 years
MAULDIN & JENKINS
a century of success

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
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**		
To reclass school receivable balances to show the net amount due to fund 500				
0100-0000-0000-0000-00000-00-240200-00000-	SCHOOL CENTRAL INVEST PAY		762,894.70	
0100-0000-0000-0000-00000-00-101532-00000-	ACCT RECEIVABLE - SCHOOLS			141,439.32
0100-0000-0000-0000-00000-00-101535-00000-	ACCT REC - LSA PCARD			621,455.38
Total			**762,894.70**	**762,894.70**
Adjusting Journal Entries JE # 2		**PBC**		
To record period 13 accruals				
0100-0000-0000-0000-00000-00-101410-00000-	INTERGOVMENTAL ACCTS REC-STATE		347,245.00	
0100-0000-0000-0000-00000-00-242105-00000-	ACCOUNT PAYABLE ACCRUALS		7,000.00	
0100-0000-9990-0000-50626-00-419950-00000-	LOCAL MISC REVENUE			347,245.00
0100-1000-1081-0070-50622-50-559600-00000-	RESIDENTIAL FACILITIES			7,000.00
Total			**354,245.00**	**354,245.00**
Adjusting Journal Entries JE # 3		**PBC**		
To reclassify negative cash balances				
0100-0000-0000-0000-00000-00-240201-00000-MJ	Due from other funds (negative cash)		8,158,187.33	
0100-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ			8,158,187.33
Total			**8,158,187.33**	**8,158,187.33**
Adjusting Journal Entries JE # 4		**PBC**		
To reclass function code for capital outlay				
0100-1000-3011-0036-50426-50-673420-00000-	TECH RELATED > 10000		3,117,352.00	
0100-1000-3037-0036-50426-50-673420-00000-	TECH RELATED > 10000			946,162.00
0100-2100-1500-0141-50521-50-561510-00000-	EXPENDABLE EQUIPMENT < 5000			8,883.00
0100-2220-1310-0000-00000-30-561510-00000-	EXPENDABLE EQUIPMENT < 5000			519,297.00
0100-2400-9990-0000-00000-40-561010-00000-	SUPPLIES			887,143.00
0100-2600-9990-0000-50501-50-672010-00000-	CONSTRUCTION			755,867.00
Total			**3,117,352.00**	**3,117,352.00**
	Total Adjusting Journal Entries		**12,392,679.03**	**12,392,679.03**
	Total All Journal Entries		**12,392,679.03**	**12,392,679.03**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
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**		
To reverse PY L5 and L6 and to record current year L5 and L6				
0313-0000-0000-0000-00000-00-379900-00000-	FUND BALANCE - UNRESERVED		3,942,584.00	
0313-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION		406,584.00	
0313-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			6,785.00
0313-0000-0000-0000-00000-00-243200-00000-	AP RETAINAGE CONTROL ACCOUNT			399,799.00
0313-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION			3,942,584.00
Total			**4,349,168.00**	**4,349,168.00**
Adjusting Journal Entries JE # 2		**PBC**		
To record GA state financing				
0313-0000-9990-0000-00000-00-436000-00000-	CAPITAL OUTLAY GRANTS		12,833.80	
0313-0000-0000-0000-00000-00-241100-00000-	INTERGOVERNMENTAL ACCTS PAYABLE			12,833.80
Total			**12,833.80**	**12,833.80**
	Total Adjusting Journal Entries		**4,362,001.80**	**4,362,001.80**
	Total All Journal Entries		**4,362,001.80**	**4,362,001.80**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
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**		
To reverse PY L5 and L6 and record CY L5 and L6				
0318-0000-0000-0000-00000-00-379900-00000-	FUND BALANCE - UNRESERVED		91,514.00	
0318-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION		192,712.00	
0318-0000-0000-0000-00000-00-242100-00000-	AP CONTROL ACCT			192,712.00
0318-4000-9990-0000-00000-50-672010-00000-	CONSTRUCTION			91,514.00
Total			**284,226.00**	**284,226.00**
	Total Adjusting Journal Entries		**284,226.00**	**284,226.00**
	Total All Journal Entries		**284,226.00**	**284,226.00**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.402 - Title I TB Database*
Workpaper: *0204.402 - Title Adjusting Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0000-0000-00000-00-101	EQUITY IN POOL - CASH & EQ		1,496,856.61	
000-0000-00000-00-2402	DUE TO OTHER FUNDS			1,496,856.61
Total			**1,496,856.61**	**1,496,856.61**
	Total Adjusting Journal Entries		**1,496,856.61**	**1,496,856.61**
	Total All Journal Entries		**1,496,856.61**	**1,496,856.61**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.404 - Special Education TB Database*
Workpaper: *0205.404 - Special Education Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balances				
0404-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		3,708,095.71	
0404-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			3,708,095.71
Total			**3,708,095.71**	**3,708,095.71**
	Total Reclassifying Journal Entries		**3,708,095.71**	**3,708,095.71**
	Total All Journal Entries		**3,708,095.71**	**3,708,095.71**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.406 - Vocational Education TB Database*
Workpaper: *0205.406 - Vocational Education Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0406-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		156,595.86	
0406-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			156,595.86
Total			**156,595.86**	**156,595.86**
Reclassifying Journal Entries JE # 2		**PBC**		
To reclass function code for capital outlay				
0406-4000-3315-0036-50426-50-673420-00000-MJ	CAPITAL OUTLAY		292,345.00	
0406-1000-3315-0036-50426-50-673425-00000-	TECH RELATED EQUIP 5000- 9999			292,345.00
Total			**292,345.00**	**292,345.00**
	Total Reclassifying Journal Entries		**448,940.86**	**448,940.86**
	Total All Journal Entries		**448,940.86**	**448,940.86**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.414 - Title II TB Database*
Workpaper: *0205.414 - Title II Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balances				
0414-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		270,361.36	
0414-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			270,361.36
Total			**270,361.36**	**270,361.36**
Reclassifying Journal Entries JE # 2		**PBC**		
To reclass function code for capital outlay				
0414-4000-1784-0215-50626-60-673420-00000-MJ	CAPITAL OUTLAY		43,509.00	
0414-2213-1784-0215-50626-60-561010-00000-	SUPPLIES			43,509.00
Total			**43,509.00**	**43,509.00**
	Total Reclassifying Journal Entries		**313,870.36**	**313,870.36**
	Total All Journal Entries		**313,870.36**	**313,870.36**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.432 - Homeless Grant TB Database*
Workpaper: *0205.432 - Homeless Grant Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0432-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		10,783.52	
0432-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			10,783.52
Total			**10,783.52**	**10,783.52**
	Total Reclassifying Journal Entries		**10,783.52**	**10,783.52**
	Total All Journal Entries		**10,783.52**	**10,783.52**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.448 - ARPA TB Database*
Workpaper: *0204.448 - Combined Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0448-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL CASH 5091		1,270,911.01	
0448-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			1,270,911.01
Total			**1,270,911.01**	**1,270,911.01**
	Total Reclassifying Journal Entries		**1,270,911.01**	**1,270,911.01**
	Total All Journal Entries		**1,270,911.01**	**1,270,911.01**

Client:	***03005073 - Cobb County Board of Education***
Engagement:	***FY 2021 - Cobb County Board of Education***
Period Ending:	***6/30/2021***
Trial Balance:	***0200.460 - Title III TB Database***
Workpaper:	***0205.460 - Title III Reclassifying Journal Entries***

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0460-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		304,948.40	
0460-0000-0000-0000-240201-00-00000-00000-MJ	DUE TO OTHER FUNDS			304,948.40
Total			**304,948.40**	**304,948.40**
Reclassifying Journal Entries JE # 2		**PBC**		
To reclass textbooks to capital outlay				
0460-4000-1816-0000-50626-60-673420-00000-MJ	CAPITAL OUTLAY		173,366.75	
0460-1000-1816-0000-00000-50-664210-00000-	BOOKS & PERIODICALS			7,074.31
0460-2100-1828-0000-00000-50-664210-00000-	BOOKS & PERIODICALS			128,793.60
0460-2213-1816-0000-00000-60-664210-00000-	BOOKS & PERIODICALS			23,650.12
0460-2213-1816-0000-50626-60-664210-00000-	BOOKS & PERIODICALS			13,848.72
Total			**173,366.75**	**173,366.75**
	Total Reclassifying Journal Entries		**478,315.15**	**478,315.15**
	Total All Journal Entries		**478,315.15**	**478,315.15**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.462 - Title IV TB Database*
Workpaper: *0205.462 - Title IV Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balances				
0462-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		174,142.74	
0462-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			174,142.74
Total			**174,142.74**	**174,142.74**
	Total Reclassifying Journal Entries		**174,142.74**	**174,142.74**
	Total All Journal Entries		**174,142.74**	**174,142.74**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.510 - Adult Education TB Database*
Workpaper: *0205.510 - Adult Education Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balances				
0510-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		279,558.59	
0510-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			279,558.59
Total			**279,558.59**	**279,558.59**
Reclassifying Journal Entries JE # 2		**PBC**		
To reclass function code for capital outlay				
0510-4000-6020-8170-00000-60-673420-00000-MJ	CAPITAL OUTLAY		6,147.00	
0510-2210-6020-8170-00000-60-673425-00000-	TECH RELATED 5000 - 9999			6,147.00
Total			**6,147.00**	**6,147.00**
	Total Reclassifying Journal Entries		**285,705.59**	**285,705.59**
	Total All Journal Entries		**285,705.59**	**285,705.59**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.532 - GNETS TB Database*
Workpaper: *0205.532 - GNETS Reclassifying Journal Entries*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass negative cash balance				
0532-0000-0000-0000-00000-00-101010-00000-	EQUITY IN POOL - CASH & EQ		407,380.01	
0532-0000-0000-0000-00000-00-240201-00000-MJ	DUE TO OTHER FUNDS			407,380.01
Total			**407,380.01**	**407,380.01**
	Total Reclassifying Journal Entries		**407,380.01**	**407,380.01**
	Total All Journal Entries		**407,380.01**	**407,380.01**

Client: *03005073 - Cobb County Board of Education*
Engagement: *FY 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
Trial Balance: *0200.550 - Facility Use/Public Safety TB Database*
Workpaper: *0204.550 - Facility Use Public Safety Combined Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass deposits				
0000-0000-00000-00-249	DEPOSITS PAYABLE		500.00	
0000-0000-00000-00-242	AP CONTROL ACCT			500.00
Total			**500.00**	**500.00**
Reclassifying Journal Entries JE # 2		**PBC**		
Revenue reclassification				
9990-0000-00000-00-419	OTHER LOCAL REVENUE		253,783.46	
000-0000-00000-00-4130	TUITION AND FEES			253,783.46
Total			**253,783.46**	**253,783.46**
Reclassifying Journal Entries JE # 3		**PBC**		
revenue classification				
9990-0000-00000-00-419	OTHER LOCAL REVENUE		227,036.00	
000-0000-00000-00-4131	TUITION AND FEES			227,036.00
Total			**227,036.00**	**227,036.00**
	Total Reclassifying Journal Entries		**481,319.46**	**481,319.46**
	Total All Journal Entries		**481,319.46**	**481,319.46**

Client: ***03005073 - Cobb County Board of Education***
Engagement: ***FY 2021 - Cobb County Board of Education***
Period Ending: ***6/30/2021***
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
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To properly reclass function code for capital outlay				
990-0000-00000-10-6734	CAPITAL OUTLAY		4,168.00	
9990-0000-00000-10-671	SITE IMPROVEMENTS -DEPRECIABLE			1,947.49
9990-0000-00000-10-673	EQUIPMENT 5000 - 9999			40.51
9990-0000-00000-10-673	TECH RELATED > 10000			2,180.00
Total			**4,168.00**	**4,168.00**
	Total Reclassifying Journal Entries		**4,168.00**	**4,168.00**
	Total All Journal Entries		**4,168.00**	**4,168.00**

Client: ***03005073 - Cobb County Board of Education***
Engagement: ***FY 2021 - Cobb County Board of Education***
Period Ending: ***6/30/2021***
Trial Balance: ***0200.580 - Miscellaneous Grants TB Database***
Workpaper: ***0204.580 - Miscellaneous Grants Fund Combined Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass function code for capital outlay				
)00-0000-00000-00-6734:	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 2021 - Cobb County Board of Education***
Period Ending: ***6/30/2021***
Trial Balance: ***0200.600 - School Nutrition TB Database***
Workpaper: ***0204.600 - School Nutrition Combined Journal Entries Report***

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 2021 - Cobb County Board of Education*
Period Ending: *6/30/2021*
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
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1		**PBC**		
To reclass function code for capital outlay				
000-0000-00000-00-6734	CAPITAL OUTLAY		92,324.08	
9990-0205-50341-60-673	VEHICLE PURCHASES			92,324.08
Total			**92,324.08**	**92,324.08**
	Total Reclassifying Journal Entries		**92,324.08**	**92,324.08**
	Total All Journal Entries		**92,324.08**	**92,324.08**