



BIBB COUNTY SCHOOL DISTRICT

Auditor's Discussion & Analysis (AD&A)
Financial & Compliance Audit Summary

June 30, 2024

Meeting with the Board of Education

Presented by:

Hope Pendergrass, CPA
(478) 464-8000



Over 725 Governments Served Annually

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PURPOSE OF ANNUAL AUDITOR'S DISCUSSION & ANALYSIS

- ◆ Engagement Team and Firm Information:
 - The Governmental Practice
 - Additional Information Regarding Other Industries and 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)
 - Audit Scopes & Procedures
- ◆ Required Communications under Government Auditing Standards
- ◆ Accounting Recommendations and Related Matters:
 - Recommendations for Improvement
 - Significant Deficiency
 - Management Points
 - Other Matters for Communication
- ◆ Free Continuing Education and Newsletters
- ◆ Closing Thoughts
- ◆ Answering Your Questions

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MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

MAULDIN & JENKINS BY THE NUMBERS



CONSISTENTLY RANKED AS A TOP
ACCOUNTING FIRM IN THE U.S.



100+ year

HISTORY
OF QUALITY SERVICE

Serve 725+
GOVERNMENT CLIENTS

GOVERNMENTAL
PARTNERS &
DIRECTORS

25



150+

TEAM MEMBERS DEDICATED
TO SERVING THE
GOVERNMENTAL INDUSTRY



VISION
*To be a trusted advisor, earning trust and building respect through our
consistent commitment to sustainable excellence, leadership, and integrity.*



220+

SINGLE AUDITS PERFORMED LAST
YEAR COVERING OVER \$6 BILLION
OF FEDERAL GRANTS



156,000+

HOURS ANNUALLY
PROVIDED TO
GOVERNMENTAL CLIENTS

175+

CURRENT CLIENTS AWARDED
THE GFOA CERTIFICATE OF
EXCELLENCE

6

STATES

14

OFFICES



Engagement Team Leaders for the Audit of the District Include:

- Hope Pendergrass – Partner – 21 years' experience, 100% governmental.
 - Partner in-charge of the Firm's compliance services for governmental units and non-profit entities.
 - Concentration in serving school systems.
 - Partner responsible for quarterly free governmental continuing education and newsletters.
- Demetria Fluellyn – Senior Manager – 13 years' experience, 100% governmental.
 - Concentration in serving school systems.

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MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries and 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 and 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

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INDEPENDENT AUDITOR'S REPORT

The standard independent auditor's report for governmental units has specific sections of significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management of the Bibb County School District's (the "District") management and the Board.

Auditor's Responsibility

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

Opinions

We have issued an unmodified audit report (i.e., "clean opinions"). The financial statements are considered to present fairly the financial position and results of operations as of and for the year ended June 30, 2024.

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.

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REVIEW OF ANNUAL COMPREHENSIVE FINANCIAL REPORT ("ACFR")

General Information About the ACFR

Beginning with the fiscal year ended June 30, 1999, the Bibb County School District (the "District") elected to provide the highest level of financial reporting allowed by governmental reporting standards relative to the annual financial reports produced and distributed. Mauldin & Jenkins prepares the District an Annual Comprehensive Financial Report ("ACFR") which has an introductory section and a statistical section surrounding the annual financial report. The District has elected to continue preparing an ACFR for the year ended June 30, 2024.

The ACFR goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. An ACFR includes, at a minimum, the following elements/sections:

- **Introductory Section:** general information on the 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 District's economic condition, and this information covers multiple years.
 - Financial Trends Information
 - Revenue Capacity Information
 - Debt Capacity Information
 - Demographic and Economic Information
 - Operating Information

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

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Recognition and Award

Since fiscal year 1999, the District has submitted its ACFR to GFOA and received the Certificate of Achievement for Excellence in Financial Reporting. We applaud the District, the Board of Education, and management for its commitment to excellence in financial reporting. The GFOA Certificate has been made a part of the District's 2024 fiscal year ACFR and is included in the Introductory Section. **Only 13 other school districts in Georgia prepare an ACFR.**

OVERVIEW OF FINANCIAL STATEMENTS

Entity-Wide Governmental and Business-Type Activities

Governmental Activities: Total assets and deferred outflows of the District's governmental activities as of June 30, 2024 amounted to approximately \$879,600,000 offset by total liabilities and deferred inflows of approximately \$544,000,000 resulting in total net position (or equity) of approximately \$336,600,000.

The District's governmental activities generated total revenues of approximately \$375,000,000 offset by expenses of approximately \$358,000,000 resulting in a positive change in net position (similar to "net income") of approximately \$17,000,000.

Business-Type Activities: Total assets and deferred outflows of the District's business-type activities as of June 30, 2024 amounted to approximately \$20,300,000 offset by total liabilities and deferred inflows of approximately \$18,950,000 resulting in positive change in a total net position (or equity) of approximately \$1,350,000.

The District's business-type activities generated total revenues of approximately \$19,200,000 offset by expenses of approximately \$21,000,000 resulting in a negative change in net position of approximately \$1,800,000.

Pension and Other Post-employment Benefit ("OPEB") Related Matters: Governmental Accounting Standards Board ("GASB") Statements 68 and 75 have prompted the recognition of two (2) liabilities related to benefit plans for District employees. Important to note is the pension-related deferred outflows and inflows along with the total pension liability nets to an "aggregate" total liability effect of approximately \$201,500,000. Additionally, the OPEB related deferred outflows and inflows along with the net OPEB liability nets to an "aggregate" total liability effect of \$177,300,000. The summation of these two (2) State of Georgia administered benefit plans is net liability of approximately \$378,800,000 which directly offset assets reducing total net position and created a deficit unrestricted net position of approximately \$276,000,000.

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The adoption of these standards for reporting the long-term liability associated with the District's costs-sharing with the State of Georgia has negatively affected the balance sheet of every school district in the country. Most school districts in Georgia reflect such a deficit in unrestricted net position. That being said, it is very important to understand that such a deficit is NOT considered to be reflective of mismanagement of operations, rather this situation is significantly a result of the cost-sharing provisions and allocations determined by the State of Georgia for which management has no control, input or responsibility.

Fund Level – Governmental Funds

The General Fund reflected fund balance of approximately \$71,600,000. This amount represents approximately 22.1% of the 2024 expenditures of the General Fund resulting in approximately 12 weeks available to operate the District's primary operations. With cash and investments of approximately \$63,700,000, this fund balance is considered to be very liquid and available for operations.

The Special Purpose Local Option Sales Tax ("SPLOST") Projects Fund is the fund used to demonstrate activities and financial position of the Special Purpose Local Option Sales Tax programs. Fund balance decreased from \$54,200,000 to \$47,300,000. The fund recognized total expenditures and transfers out of approximately \$53,800,000 related to various capital projects. These expenditures were financed through SPLOST revenues which amounted to \$47,000,000, including \$43,400,000 in sales tax revenues.

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 – Reconciliation of Government-wide Financial Statements and Fund Financial Statements – This footnote details the components of items included in the reconciliation of the government-wide financial statements to the fund level financial statements.

Note 3 – Legal Compliance – Budgets – This footnote discloses compliance with budget requirements and details the funds for which budgets are adopted.

Note 4 – 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.

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Note 5 – Receivables – This footnote details the amounts due from various other entities.

Note 6 – Property Taxes – This footnote discloses information on property taxes for the District including levy and payment due dates.

Note 7 – Capital Assets – This footnote discloses the District's capital asset activity and its related accumulated depreciation for the year.

Note 8 – Fund Balance Classification – This footnote discloses detailed information on the District's fund balance classifications.

Note 9 – Long-Term Debt – This footnote discloses the District's long-term debt activity and the details of future minimum debt payments.

Note 10 – Lease Receivable – This footnote details the lease agreement terms and the lease payments payable to the District through fiscal year 2025.

Note 11 – Interfund Activity – This footnote details the amount of all activity between the various funds of the District within the year.

Notes 12, 13, and 14 – Retirement Plans, Other Post-employment Benefits, and Deferred Compensation Plan – These footnotes disclose the details related to the Teachers' Retirement System, Employees' Retirement System and the Public School Employees' Retirement System as well as other post-employment benefits available to employees of the District.

Note 15 – Risk Management – This footnote discloses the activity for the year related to workers' compensation, unemployment, and dental claims as well as the District's various risks of loss.

Note 16 – Commitments and Contingencies – This footnote discloses the contingencies from potential litigation, claims, and assessments filed against the District as well as the amount for which the District is committed under various construction contracts.

Note 17 – Tax Abatements – This is a new standard being implemented by state and local governments this year. It reflects that the amount of the District's tax revenues were reduced this fiscal year due to abatement programs established by the Macon-Bibb County Industrial Authority and the Macon-Bibb County Urban Development Authority.

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COMPLIANCE REPORTS

Yellow Book Report: The first compliance report is a report on our tests of the 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 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 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 District's internal controls and compliance with laws, regulations, etc., relative to certain Federal grant programs and the respective expenditures. The District incurred expenditures of Federal funds in the approximate amount of \$86,200,000. Our tests were performed on the District's two major programs (as defined by the relevant Federal guidelines) amounting to approximately \$22,400,000 and were not applied to each and every Federal grant expended by the District. In accordance with the respective standards, we did provide an unmodified (or clean) opinion on the District's compliance. 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.

AUDIT SCOPES AND PROCEDURES

- 1) Governmental audit standards and pronouncements were applied in all areas.
- 2) We observed and made independent test counts of inventory at the Central Kitchen location, which made up almost 1% of the total inventory of the District at June 30, 2024. Our test counts were performed using a representative sample of inventory. There were no material differences noted between our test counts and the District's.
- 3) We confirmed certain receivables, and analytically tested others.
- 4) For purposes of assessing the adequacy of the allowance for doubtful accounts, we reviewed the aging of accounts receivable, and considered the current economic environment coupled with the recent history of the District. We also reviewed subsequent collection activity.
- 5) We evaluated the assumptions used by actuaries relative to the District's various benefit plans, and tested the respective valuations associated with these plans.
- 6) We reviewed supporting documentation for a sample of additions to capital assets during the year ended June 30, 2024.
- 7) We performed a search for unrecorded liabilities via review of unpaid vouchers and subsequent disbursements.

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REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under Government Auditing Standards ("GAS") and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of the Bibb County School District (the "District") for the year ended June 30, 2024 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 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 District. In addition, there are 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 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 District's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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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 District's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated allowance for uncollectible accounts receivable, and the estimated lives of capital assets.

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.

Audit Adjustments

During our audit of the District's basic financial statements as of and for the year ended June 30, 2024, there were adjustments proposed to the funds of the District. All adjustments have been discussed with management.

Uncorrected Misstatements

We proposed and passed on four audit adjustments. The proposed adjustment was to adjust the net book value of assets related to subscription-based information technology assets in the amount of \$1,018,640 that required an increase in the associated liability in the amount of \$332,580. An adjustment was also needed to adjust the net book value for leases in the amount of \$142,962. The final adjustment related to a settlement liability in the amount of \$1,190,000. The proposed adjustments were considered to be immaterial and were not required to be recorded. No other uncorrected misstatements were noted.

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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.

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 District.

Independence

We are independent of the 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.

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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 District.

Required Supplementary Information

We applied certain limited procedures to the schedules of proportionate share for net pension liability and OPEB, schedules of contributions for net pension liability and OPEB, and notes to required supplementary information ("RSI"). These schedules supplement 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 fund statements and schedules for the nonmajor funds, as well as the statistical tables, 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.

RECOMMENDATIONS & RELATED MATTERS

Recommendations for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2024, we noted areas within the accounting and internal control systems that we believe can be improved. Additionally, 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 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.

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Item Cited in the District's Financial Statements as a Significant Deficiency

1) Management of Receivable, Revenue, and Unavailable Revenue Accounts

Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the District should review all revenue transactions to determine reporting in the proper period. The District did not properly adjust receivables and related balances in the various funds as of June 30, 2024. We discussed that matter with Management who provided appropriate adjustments to correct related balances as of June 30, 2024. We recommend that the District strengthen its control over its receivables and related balances to ensure balances are properly stated at year-end.

Management Points for Communication to the Board

2) School Discretionary Funds – Deficit Balances

During our review of cash, we noted instances in which a particular school or activity of the school discretionary funds carried a deficit balance. While the total balance in the school activity account (which includes all schools of the District) was not a deficit, some schools and activities are essentially covering the deficits of other schools and activities. We recommend the District monitor these funds more closely and work with the affected schools to eliminate these deficits.

3) General Fund Unrestricted Fund Balance – State Compliance

The Official Code of Georgia Annotated ("O.C.G.A.") §20-2-167 relates to the District's ability to retain spendable, unrestricted fund balance each year to pay future expenditures. The spendable, unrestricted fund balance at June 30th for the General Fund shall not exceed 15% of the subsequent period's budgeted expenditures. During our review of State Compliance, we noted the District's unrestricted fund balance for the General Fund (Fund 100) at June 30, 2024 exceeded 15% of the fiscal year 2025 budgeted General Fund expenditures. We recommend the District strengthen internal controls over its budgeting process to ensure that State Compliance requirements relating to O.C.G.A. §20-2-167 are met.

4) Capital Assets

During our testing of capital assets, we noted immaterial differences in beginning balances, current year additions, and current year depreciation expense when agreeing detail listings to summary totals. We recommend Management strengthen internal controls over the capital assets cycle to ensure balances roll forward from year to year and detail listings agree to summary totals.

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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, 2024, we noted other matters, which we wish to communicate to you in an effort to keep the District abreast of accounting matters that could present challenges in financial reporting in future periods.

1) **Looking Forward: New Governmental Accounting Standards Board ("GASB") Standards**



As has been the case for the past ten (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. 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

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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.

- b) 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 post-employment 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.

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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.

- c) **Statement No. 102, *Certain Risk Disclosures*** was issued in December 2023 and is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

- d) **Statement No. 103, *Financial Reporting Model Improvements*** was issued in April 2024 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

Management's Discussion and Analysis

This statement continues the requirement that the Basic Financial Statements be preceded by Management's Discussion and Analysis ("MD&A"), which is presented as Required Supplementary Information ("RSI"). The MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This statement requires that the information presented in the MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This statement emphasizes that the analysis provided in the MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this statement continues the requirement that information included in the MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This statement requires that the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating

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revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, this statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This statement requires governments to present each major component unit separately in the reporting entity's, Statement of Net Position and Statement of Activities, if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

- e) **Statement No. 104, Disclosure of Certain Capital Assets**, was issued in September 2024 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this statement is to clarify which types of capital assets must be disclosed separately in the Notes to the Financial Statements, as well as to establish disclosure requirements for capital assets that are held for sale.

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The following types of capital assets should be disclosed separately in the capital asset roll forward in the Notes to the Financial Statements:

- Lease assets reported in accordance with Statement 87 by major class of underlying asset.
- Intangible right-to-use assets recognized by an operator in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, by major class of underlying public-public partnership asset.
- Subscription assets reported in accordance with Statement 96.
- Intangible assets other than those three (3) items noted above; specifically, intangible assets that represent the right to use a type of underlying asset should not be disclosed in the same major class as any owned assets of that type.

In addition, the statement requires that a capital asset held for sale should continue to be reported in the capital asset roll forward within the appropriate major class of asset. However, a government should disclose the historical cost and accumulated depreciation, as of the financial statement date, of capital assets held for sale, by major class of asset. In order to be considered held for sale, the statement specifies that:

- A government has decided to pursue the sale of the asset; and
- It is probable (likely to occur) that the sale will be finalized within one year of the financial statement date.

f) **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:

- **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 government'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. A preliminary views document on this topic is expected by late 2024 with an exposure draft to follow in 2025.

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- **Infrastructure Assets** is a project that will address issues related to accounting and financial reporting for infrastructure assets. The project will evaluate standard-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. Preliminary views document has been issued with comments due back to GASB by the end of January 2025.
- **Subsequent Events—Reexamination of Statement 56** is a project that will improve the accounting and financial reporting for subsequent events. The project will reexamine existing requirements related to subsequent events in Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, to address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. Exposure draft on this topic is expected by late 2024.
- **Revenue and Expense Recognition** is a major project where the overall objective is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability. The GASB is currently reviewing comments and other input received from the stakeholder community during the preliminary views stage that was completed in 2021. An exposure draft is expected in early 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.

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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.

"I've been a CPA for 32 years. Today's CPE class by Mauldin & Jenkins has been the best of my career". Terry Nall, CPA, City of Dunwoody (GA) Council Member

"They are always on top of new accounting pronouncements and provide training well before implementation deadlines. This is a very valuable resource for our organization". Laurie Puckett, CPA, CPFO, Gwinnett County (GA), Accounting Director



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)
- Grant Accounting Processes and Controls
- Human Capital Management



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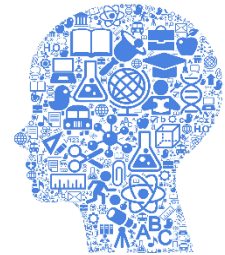
- Information Technology (IT) Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Presenting Financial Information to Non-Financial People
- Procurement Card Red Flags
- 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 Government's Funds Secure?
- CARES Act (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 No.'s 74 & 75, Other Post-Employment Benefits (OPEB)
- GASB No. 77, Abatements – Go Viral with GASB 77



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- 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
- General Data Protection Regulation (GDPR)
- 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
- Supplemental Social Security for Inmates
- The New Tax Cuts and Jobs Act – Impact on Bond Refunding
- The Return of the Component Unit – GASB 61
- Uniform Guidance & New Procurement Requirements
- What's Happening with Property Tax Assessments



"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, CFO
Charleston Water System

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Meredith Black at mblack@mjcpa.com (send corresponding copy to hpendergass@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.

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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 District's Management, and others within the 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 Bibb County Board of Education and look forward to serving the District in the future. Thank you.

