

MAULDIN & JENKINS

CPAs & ADVISORS

HABERSHAM COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2023

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I. FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the Habersham County Board of Education
Clarkesville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Habersham County Board of Education** (the "School District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 8, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. This standard significantly changed the accounting for the School District's subscription activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, the Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia, the Schedule of Contributions – Teachers Retirement System of Georgia, the Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia, the Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, as required by the Official Code of Georgia 48-8-121, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 18, 2024

BASIC FINANCIAL STATEMENTS

HABERSHAM COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 43,115,030
Receivables:	
Taxes	2,057,438
Intergovernmental:	
State	6,977,992
Federal	2,520,869
Local	22,958
Other receivables	70,074
Inventory	149,048
Capital assets (nondepreciable)	7,036,960
Capital assets (depreciable, net of accumulated depreciation and amortization)	106,812,997
Total assets	168,763,366
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	1,321,112
Pension related items	53,160,632
OPEB related items	13,584,103
Total deferred outflows of resources	68,065,847
LIABILITIES	
Accounts payable	1,260,640
Salaries and benefits payable	11,245,918
Retainage payable	59,780
Accrued interest payable	31,988
Claims payable due within one year	34,880
Compensated absences due within one year	169,000
Compensated absences due in more than one year	13,081
Lease liabilities due within one year	144,357
Lease liabilities due in more than one year	99,490
Subscription liabilities due within one year	82,972
Subscription liabilities due in more than one year	18,789
Bonds payable due within one year	6,805,000
Bonds payable due in more than one year	28,740,000
Net pension liability	108,364,685
Net OPEB liability	47,154,100
Total liabilities	204,224,680
DEFERRED INFLOWS OF RESOURCES	
Pension related items	745,123
OPEB related items	28,972,238
Total deferred inflows of resources	29,717,361
NET POSITION	
Net investment in capital assets	93,366,853
Restricted for:	
Federal programs	2,726,722
Capital projects	18,233,591
Debt service	8,847,013
Unrestricted	(120,287,007)
Total net position	$ 2,887,172

The accompanying notes are an integral part of these financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 69,077,269	$ 1,323,196	$ 47,604,281	$ -	$ (20,149,792)
Support services:					
Pupil services	5,337,540	-	1,604,987	-	(3,732,553)
Improvement of instructional services	2,411,453	-	1,343,296	-	(1,068,157)
Instructional staff training	13,400	-	-	-	(13,400)
Educational media services	2,024,384	-	1,534,226	-	(490,158)
General administration	1,222,183	-	1,754,818	-	532,635
School administration	6,520,022	-	2,757,715	-	(3,762,307)
Business administration	753,176	-	25,113	-	(728,063)
Maintenance and operation of facilities	8,503,239	-	2,424,300	-	(6,078,939)
Student transportation services	6,433,991	-	970,473	-	(5,463,518)
Central support services	1,058,114	-	31,879	-	(1,026,235)
Other support services	1,045,996	-	54,941	-	(991,055)
Operations of noninstructional services:					
Community services operations	-	7,699	-	-	7,699
Food services operation	6,399,153	881,774	5,257,761	-	(259,618)
Interest on long-term debt	1,133,130	-	-	541,123	(592,007)
Total governmental activities	$ 111,933,050	$ 2,212,669	$ 65,363,790	$ 541,123	(43,815,468)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					16,746,433
Sales taxes:					
For debt service					9,819,904
Local option sales tax					9,817,513
Other taxes					3,821,707
Grants and contributions not restricted to specific programs					4,103,432
Unrestricted investment earnings					793,868
Other miscellaneous general revenues					1,202,247
Total general revenues					46,305,104
Change in net position					2,489,636
Net position, beginning of year					397,536
Net position, end of year					$ 2,887,172

The accompanying notes are an integral part of these financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 16,827,438	$ 18,233,591	$ 8,054,001	$ 43,115,030
Receivables:				
Taxes	1,232,438	-	825,000	2,057,438
Intergovernmental:				
State	6,977,992	-	-	6,977,992
Federal	2,520,869	-	-	2,520,869
Local	22,958	-	-	22,958
Other receivables	70,074	-	-	70,074
Inventory	149,048	-	-	149,048
Total assets	$ 27,800,817	$ 18,233,591	$ 8,879,001	$ 54,913,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,260,640	$ -	$ -	$ 1,260,640
Salaries and benefits payable	11,245,918	-	-	11,245,918
Retainage payable	-	59,780	-	59,780
Claims payable	34,880	-	-	34,880
Total liabilities	12,541,438	59,780	-	12,601,218
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	50,677	-	-	50,677
Total deferred inflows of resources	50,677	-	-	50,677
FUND BALANCES				
Nonspendable:				
Inventory	149,048	-	-	149,048
Restricted for:				
Federal programs	2,577,674	-	-	2,577,674
Capital projects	-	18,173,811	-	18,173,811
Debt service	-	-	8,879,001	8,879,001
Unassigned	12,481,980	-	-	12,481,980
Total fund balances	15,208,702	18,173,811	8,879,001	42,261,514
Total liabilities, deferred inflows of resources, and fund balances	$ 27,800,817	$ 18,233,591	$ 8,879,001	$ 54,913,409

The accompanying notes are an integral part of these financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total fund balances - governmental funds			$ 42,261,514
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Cost	$	165,758,296	
Less accumulated depreciation and amortization		(51,908,339)	113,849,957
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.			
Property taxes			50,677
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Net pension liability	$	(108,364,685)	
Pension related deferred outflows of resources		53,160,632	
Pension related deferred inflows of resources		(745,123)	(55,949,176)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Net OPEB liability	$	(47,154,100)	
OPEB related deferred outflows of resources		13,584,103	
OPEB related deferred inflows of resources		(28,972,238)	(62,542,235)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable	$	(35,545,000)	
Compensated absences		(182,081)	
Lease liability		(243,847)	
Subscription liability		(101,761)	
Unamortized loss on refunding		1,321,112	
Accrued interest		(31,988)	
			(34,783,565)
Net position of governmental activities			$ 2,887,172

The accompanying notes are an integral part of these financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 16,751,603	$ -	$ -	$ 16,751,603
Sales taxes	9,817,513	-	9,819,904	19,637,417
Other taxes	3,821,707	-	-	3,821,707
State funds	55,274,945	-	-	55,274,945
Federal funds	13,990,672	-	-	13,990,672
Investment income	439,500	541,123	354,368	1,334,991
Charges for services	2,212,669	-	-	2,212,669
Miscellaneous	1,202,247	-	-	1,202,247
Total revenues	103,510,856	541,123	10,174,272	114,226,251
EXPENDITURES				
Current:				
Instruction	64,649,522	1,017,173	-	65,666,695
Support services:				
Pupil services	4,854,906	80,404	-	4,935,310
Improvement of instructional services	2,284,594	79,517	-	2,364,111
Instructional staff training	13,400	-	-	13,400
Educational media services	1,939,229	32,794	-	1,972,023
General administration	1,165,718	316	32,500	1,198,534
School administration	6,289,084	47,259	-	6,336,343
Business administration	621,703	35,750	-	657,453
Maintenance and operation of facilities	7,664,302	521,959	-	8,186,261
Student transportation services	5,878,774	37,494	-	5,916,268
Central support services	886,802	147,627	-	1,034,429
Other support services	1,036,646	-	-	1,036,646
Food services operation	6,219,109	-	-	6,219,109
Capital outlay	-	4,241,274	-	4,241,274
Debt service:				
Principal retirement	158,011	66,466	3,720,000	3,944,477
Interest and fees	12,778	-	924,814	937,592
Bond issuance costs	-	117,000	-	117,000
Total expenditures	103,674,578	6,425,033	4,677,314	114,776,925
Excess (deficiency) of revenues over expenditures	(163,722)	(5,883,910)	5,496,958	(550,674)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,301,688	-	3,301,688
Transfers out	-	-	(3,301,688)	(3,301,688)
Issuance of bonds	-	15,000,000	16,280,000	31,280,000
Payment to refunded bond escrow agent	-	-	(16,280,000)	(16,280,000)
Total other financing sources (uses)	-	18,301,688	(3,301,688)	15,000,000
Net change in fund balances	(163,722)	12,417,778	2,195,270	14,449,326
FUND BALANCES, beginning of year	15,372,424	5,756,033	6,683,731	27,812,188
FUND BALANCES, end of year	$ 15,208,702	$ 18,173,811	$ 8,879,001	$ 42,261,514

The accompanying notes are an integral part of these financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds			$ 14,449,326
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization expense in the current period is as follows:			
Capital outlay	$ 4,871,553		
Depreciation and amortization expense	(3,490,967)		1,380,586
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			(5,170)
In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.			(6,221,007)
In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.			3,984,590
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal payments - bonds	$ 3,720,000		
Issuance of bonds	(31,280,000)		
Deposit with escrow for refunding	16,280,000		
Principal payments - subscription liabilities	85,771		
Principal payments - lease liability	138,706		(11,055,523)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Amortization of bond premium	$ 217,694		
Amortization of loss on refunding	(425,265)		
Change in compensated absences	35,372		
Change in accrued interest	129,033		(43,166)
Change in net position of governmental activities			$ 2,489,636

The accompanying notes are an integral part of these financial statements.

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the Habersham County Board of Education.

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

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

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

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

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes and unrestricted amounts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements:
The fund financial statements provide information about the School District's funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.

- *Capital Projects Fund* accounts for and reports capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including Education Special Purpose Local Option Sales Tax (ESPLOST) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting/Measurement Focus

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year end.

Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and financed purchases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula-driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, Georgia Fund 1 and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia law OCGA 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks and insured federal savings and loan associations.

Investments

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

(1) Obligations issued by the State of Georgia or by other states,
(2) Obligations issued by the United States Government,
(3) Obligations fully insured or guaranteed by the United States Government or a United States Government Agency,
(4) Obligations of any corporation of the United States Government,
(5) Prime banker's acceptances,
(6) The Local Government Investment Pool administered by the State Treasurer of the State of Georgia,
(7) Repurchase agreements, and
(8) Obligations of other political subdivisions of the State of Georgia.

The School District does not have a formal policy regarding investments that addresses credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements are reported net of an allowance for uncollectible receivables when necessary.

Property Taxes

The Habersham County Tax Commissioner levied the property tax for the 2022 tax digest year (calendar year) on August 12, 2022 (levy date). Taxes were due on November 15, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The Habersham County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2023, for maintenance and operations amounted to $16,751,603.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Habersham County Board of Education is in compliance with this law. Tax millage rates levied for the 2022 tax year (calendar year) for the Habersham County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Maintenance and Operations	11.726 mills

Sales Taxes

Local Option Sales Tax, at the fund reporting level, during the year amounted to $9,817,513 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $9,819,904 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the School District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	$ 10,000	N/A
Land improvements	100,000	80 years
Buildings and improvements	100,000	80 years
Equipment	10,000	20 years
Intangible assets	100,000	10 to 20 years
Lease assets	10,000	3 years
Subscription assets	10,000	3 years

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The School District is a lessee for a noncancelable equipment lease. The School District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of $10,000 or more.

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the School District is reasonably certain to exercise.

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

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

Subscription-Based Information Technology Arrangements (SBITAs)

The School District is a subscriber to multiple subscription-based information technology arrangements (SBITAs). The School District paid the total subscription amounts up front and only recognizes intangible right-to-use SBITAs in the government-wide financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

The School District is a subscriber to multiple subscription-based information technology arrangements (SBITAs). The School District paid the total subscription amounts up front and only recognizes intangible right-to-use SBITAs in the government-wide financial statements.

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

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

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged is not specified, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the lease receivable are composed of fixed payments due to the School District over the term of the lease and residual value guarantee payments that are fixed in substance.

Compensated Absences

Vacation leave must be used in the fiscal year in which it is earned. Accordingly, there is no liability for vacation leave at year end.

It is the School District's policy to permit employees with a minimum of ten years of service and who participate in the Public School Employees Retirement System to accumulate earned but unused sick pay benefits and be paid out upon separation.

This accrued sick leave is paid out according to the following schedule:

Unused Sick Days	Amount of Payout
20-39 Days	$ 1,000
40-59 Days	2,000
60-79 Days	3,000
80+ Days	4,000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has six (6) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred outflow of resources for the School District's actual contributions to the pension plan during the fiscal year ended June 30, 2023 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2024; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions for the pension and OPEB plans which will be amortized over the remaining service period; (4) a deferred outflow of resources for the School District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2023 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2024; (5) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (6) a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension and OPEB assets, which will be amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District has three (3) items that qualify for reporting in this category which occur only in the governmental activities. Governmental Activities report (1) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary for the OPEB plan, which will be amortized over the remaining service period; (2) a deferred inflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (3) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligations bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

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

Other Postemployment Benefits (OPEB)

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment through adoption of a subsequent resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School Disctrict adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

The following function had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2023:

General Fund:		
Support Services:		
Improvement of instructional services	$	625,772
Other support services		898,231
Debt Service		166,483
	$	1,690,486

The over-expended functions were funded with excess budget in under-expended functions or greater than anticipated revenues.

NOTE 4: DEPOSITS AND INVESTMENTS

Categorization of Investments
The investment in the local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Investment	Maturity	Fair Value
Georgia Fund 1	28 days	$ 12,957,258

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk
The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements
The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2023, the financial institution holding some of the School District's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2023, the School District's cash accounts were insured and/or collateralized as defined by GASB Standards.

NOTE 5: NONMONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2023, the commodities usage is recorded at its federally assigned value of $481,165.

NOTE 6: CAPITAL ASSETS

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

	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 5,901,134	$ -	$ -	$ 5,901,134
Construction in progress	-	1,135,826	-	1,135,826
Total	5,901,134	1,135,826	-	7,036,960
Capital assets, being depreciated:				
Building improvements	127,183,667	1,282,659	-	128,466,326
Equipment	18,512,909	707,637	-	19,220,546
Land improvements	8,673,930	1,745,431	-	10,419,361
Total	154,370,506	3,735,727	-	158,106,233
Less accumulated depreciation for:				
Building improvements	(33,085,726)	(1,664,161)	-	(34,749,887)
Equipment	(10,920,980)	(1,258,204)	-	(12,179,184)
Land improvements	(4,351,281)	(341,708)	-	(4,692,989)
Total	(48,357,987)	(3,264,073)	-	(51,622,060)
Total capital assets, being depreciated, net	106,012,519	471,654	-	106,484,173
Governmental activities capital assets, net, excluding lease and subscription assets	$ 111,913,653	$ 1,607,480	$ -	113,521,133
Lease assets (Note 7)				225,662
Subscription assets (Note 8)				103,162
Total capital assets, net, as reported in the statement of net position:				$ 113,849,957

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Instruction	$	2,139,837
Support services:		
Pupil services		309,170
Improvement of instructional services		3,642
Educational media services		14
General administration		4,695
School administration		4,120
Maintenance and operation of plant		222,424
Student transportation services		482,364
Other support services		1,696
Operations of noninstructional services		
Food services		96,111
	$	3,264,073

NOTE 7: LEASE ASSETS

The School District has acquired equipment under the provisions of a contract that conveys the right to use another entity's assets for a period of time in an exchange-like transaction. This contract is classified as a lease for accounting purposes. A summary of lease asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Lease assets:				
Equipment	$ 427,571	$ -	$ -	$ 427,571
Total	427,571	-	-	427,571
Less accumulated amortization:				
Equipment	(59,385)	(142,524)	-	(201,909)
Total	(59,385)	(142,524)	-	(201,909)
Total lease assets, net	$ 368,186	$ (142,524)	$ -	$ 225,662

Amortization expense was charged to the following function:

Instruction	$	142,524

NOTE 8: SUBSCRIPTION ASSETS

The School District has entered into subscription-based information technology arrangements that convey the right to use another entity's software for a period of time in an exchange-like transaction. This contract is classified as a subscription for accounting purposes. A summary of subscription asset activity for the year ended June 30, 2023 is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Subscription assets	$ 187,532	$ -	$ -	$ 187,532
Total	187,532	-	-	187,532
Less accumulated amortization:	-	(84,370)	-	(84,370)
Total	-	(84,370)	-	(84,370)
Total subscription assets, net	$ 187,532	$ (84,370)	$ -	$ 103,162

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements,* the School District is required to reevaluate the accounting treatment of its subscription activities. Therefore, a restatement of $187,532 to beginning subscription assets was required due to the guidance for reporting subscriptions.

Amortization expense was charged to the following functions:

Instruction	$ 65,577
Food services operation	18,793
	$ 84,370

NOTE 9: INTERFUND TRANSFERS

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

	Transfers To
Transfers From	Capital Projects Fund
Debt Service Fund	$ 3,301,688
Total	$ 3,301,688

Transfers are primarily used to move ESPLOST tax revenues collected by the Debt Service Fund to the Capital Projects Fund to fund capital projects as approved in the referendum.

NOTE 10: RISK MANAGEMENT

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

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

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

NOTE 10: RISK MANAGEMENT (Continued)

The School District has established a limited risk management program for dental insurance claims for its employees. A premium is charged when needed by the General Fund to each user program on the basis of employee participation in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the dental insurance claims liability during the last two fiscal years are as follows:

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2022	$ 24,930	$ 452,019	$ 449,089	$ 27,860
2023	27,860	538,168	531,148	34,880

The School District has purchased surety bonds to provide additional insurance coverage as follows:

Position Covered	Amount
Superintendent	$100,000

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of the fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District had no claims in the last two fiscal years.

NOTE 11: LONG-TERM DEBT

The changes in long-term obligations during the fiscal year ended June 30, 2023, were as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	$ 24,265,000	$ 31,280,000	$ (20,000,000)	$ 35,545,000	$ 6,805,000
Unamortized bond premium	691,884	-	(691,884)	-	-
Total bonds payable, net	24,956,884	31,280,000	(20,691,884)	35,545,000	6,805,000
Lease liability	382,553	-	(138,706)	243,847	144,357
Subscription liabilities	187,532	-	(85,771)	101,761	82,972
Compensated absences	217,453	23,683	(59,055)	182,081	169,000
Claims payable	27,860	538,168	(531,148)	34,880	34,880
Net pension liability	28,880,993	91,378,531	(11,894,839)	108,364,685	-
Net OPEB liability	49,755,737	8,627,053	(11,228,690)	47,154,100	-
Total governmental activities long-term liabilities	$ 104,409,012	$ 131,847,435	$ (44,630,093)	$ 191,626,354	$ 7,236,209

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements,* the School District is required to reevaluate the accounting treatment of its subscription activities. Therefore, a restatement of $187,532 to beginning subscription liabilities was required due to the guidance for reporting subscriptions.

For governmental activities, the compensated absences, claims payable, and net pension and OPEB liabilities are being liquidated primarily by the General Fund.

General Obligation Debt Outstanding
General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Outstanding Balance at June 30, 2023
General Government - Series 2013 Refunding Bonds	3.00% - 5.00%	$ 4,265,000
General Government - Series 2022 Bonds	2.75%	15,000,000
General Government - Series 2023 Bonds	1.70%	16,280,000
		$ 35,545,000

NOTE 11: LONG-TERM DEBT (Continued)

In fiscal year 2013, the School District issued $37,240,000 of Series 2013 General Obligation Refunding Bonds to (i) refund a portion of the Series 2005 General Obligation Refunding Bonds and (ii) pay the costs of issuing the Series 2013 General Obligation Refunding Bonds. The School District defeased the 2005 bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2023, the defeased Series 2005 bonds have been paid in full and are no longer outstanding as of June 30, 2023. The School District has pledged its full faith and credit and taxing power to service the debt. During fiscal year 2020, the School District refunded $15,205,000 of the Series 2013 Refunding Bonds through the issuance of the Series 2020 Refunding Bonds.

Direct Placement General Obligation Bonds

During fiscal year 2023, the School District issued $15,000,000 of Series 2022 General Obligation Sales Tax Bonds to provide funds to finance the cost of acquiring, constructing, and equipping certain capital outlay projects and the costs of issuing the bonds. These bonds are general obligations of the School District and will constitute a pledge of the full faith and credit of the School District. Principal and interest on the bonds are payable first from the receipts of a special one-percent sales and use tax for educational purposes ("Educational Sales Tax") collected within the territorial limits of the School District. The receipts from this Educational Sales Tax are anticipated to be sufficient to pay all debt service on the bonds; however, to the extent any liability on such debt is not satisfied from the proceeds of the Educational Sales Tax, it shall be paid from a direct annual ad valorem tax which may be levied, without limitation as to rate or amount, upon all taxable property within the territorial limits of the School District subject to taxation for school bond purposes.

During fiscal year 2023, the School District issued General Obligation Refunding Bonds, Series 2023, in the principal amount of $16,280,000 for the purpose of currently refunding all of the outstanding principal amount of the District's General Obligation Refunding Bond, Series 2020.

At June 30, 2023, payments due by fiscal year end, which includes principal and interest, for these items are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 6,805,000	$ 817,210	$ 7,622,210
2025	7,010,000	671,285	7,681,285
2026	7,115,000	521,245	7,636,245
2027	7,230,000	368,790	7,598,790
2028	7,385,000	213,750	7,598,750
Total	$ 35,545,000	$ 2,592,280	$ 38,137,280

NOTE 11: LONG-TERM DEBT (Continued)

Lease Liability
During the fiscal year, the School District had an active noncancelable lease agreement as lessee. A description of the lease agreement and related balances is as follows:

The School District has a noncancelable lease agreement with a third party related to copiers, terminating on January 31, 2025. Monthly payments are $12,624 through the life of the lease. As the lease does not contain a specified interest rate, the School District has used its incremental borrowing rate of 4.0% for similar assets as the discount rate for the lease. At June 30, 2023, the outstanding balance on the School District's lease liability for these copiers was $243,847.

Debt service to maturity on the School District's lease liability is as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 144,357	$ 7,126	$ 151,483
2025	99,490	1,498	100,988
Total	$ 243,847	$ 8,624	$ 252,471

Subscription Liabilities
At June 30, 2023, the School District had active noncancelable subscription-based information technology arrangements (SBITAs) with third parties. A description of these arrangements and related balances is as follows:

The School District has a noncancelable SBITA with a third party related to school nutrition software, terminating on June 30, 2025. Annual payments are $19,305 through the life of the subscription. As the subscription does not contain a specified interest rate, the School District has used its incremental borrowing rate of 2.75% for similar assets as the discount rate for the subscription liability. At June 30, 2023, the outstanding balance on the School District's subscription liability for this software was $37,074.

The School District has a noncancelable SBITA with a third party related to special education software, terminating on July 31, 2024. Annual payments are $66,466 through the life of the subscription. As the subscription does not contain a specified interest rate, the School District has used its incremental borrowing rate of 2.75% for similar assets as the discount rate for the subscription liability. At June 30, 2023, the outstanding balance on the School District's subscription liability for this software was $64,687.

NOTE 11: LONG-TERM DEBT (Continued)

Debt service to maturity on the School District's subscription liabilities is as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 82,972	$ 2,799	$ 85,771
2025	18,789	517	19,306
Total	$ 101,761	$ 3,316	$ 105,077

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $234,640 for retirement contributions paid on the School District's behalf by the following state agencies:

Georgia Department of Education
Paid to the Teachers Retirement District for Teachers Retirement (TRS)
in the amount of $47,568

State Treasurer of the State of Georgia
Paid to the Public School Employees Retirement System
for Public School Employees Retirement (PSERS) Employer's Cost
in the amount of $187,072

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

NOTE 14: RETIREMENT PLANS

General Information About The Teachers Retirement System Of Georgia (TRS)

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

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll, excluding payroll attributable to those personnel funded on behalf of the School District by the State. School District contributions to TRS, excluding contributions funded by the State on behalf of the School District were $9,770,367 for the year ended June 30, 2023.

NOTE 14: RETIREMENT PLANS (Continued)

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

At June 30, 2023, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the School District by the State of Georgia. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	$	108,364,685
State of Georgia's proportionate share of the net pension liability associated with the School District		546,178
Total	$	108,910,863

The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30 2022, the School District's proportion was 0.333718%, which was an increase of 0.007170% from its proportion measured as of June 30, 2021.

NOTE 14: RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023, the School District recognized pension expense of $15,991,374 and expense of $81,891 for support provided to the State of Georgia for certain support personnel. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 21,290,578	$ -
Differences between expected and actual experience	4,498,245	564,064
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,289,099	181,059
Actuarial assumption changes	16,312,343	-
School District contributions subsequent to the measurement date	9,770,367	-
Total	$ 53,160,632	$ 745,123

School District contributions subsequent to the measurement date of $9,770,367 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	$ 11,494,936
2025	8,920,679
2026	6,555,643
2027	15,673,884
Total	$ 42,645,142

NOTE 14: RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources And Deferred Inflows Of Resources Related To Pensions (Continued)

Actuarial assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50% semiannually

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, with the exception of the investment rate of return and payroll growth assumption.

NOTE 14: RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources And Deferred Inflows Of Resources Related To Pensions (Continued)

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.20%
Domestic large equities	46.30	9.40
Domestic small equities	1.20	13.40
International developed market equities	12.30	9.40
International emerging market equities	5.20	11.40
Alternatives	5.00	10.50
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

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

NOTE 14: RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related To Pensions (Continued)

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current discount rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 163,486,423	$ 108,364,685	$ 63,350,496

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

General Information About The Public School Employees Retirement System (PSERS)

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

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

NOTE 14: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

Upon retirement, the member will receive a monthly benefit of $15.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

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

Pension Liabilities and Pension Expense

At June 30, 2023, the School District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the School District	$ 1,521,423

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

NOTE 14: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

For the year ended June 30, 2023, the School District recognized pension expense of $382,333 and revenue of $382,333 for support provided by the State of Georgia.

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

Inflation	2.50%
Salary increase	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50% semiannually

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

NOTE 14: RETIREMENT PLANS (Continued)

General Information About The Public School Employees Retirement System (PSERS) (Continued)

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.20%
Domestic large stocks	46.30	9.40
Domestic small stocks	1.20	13.40
International developed market stocks	12.30	9.40
International emerging market stocks	5.20	11.40
Alternatives	5.00	10.50
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

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

NOTE 15: POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description. The School District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and noncertified employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Annual Comprehensive Financial Report which is publicly available and can be obtained at https://sao.georgia.gov/statewide-reporting/acfr.

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

Contributions: As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the School District were $1,883,866 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

NOTE 15: POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2023, the School District reported a liability of $47,154,100 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2022. At June 30 2022, the School District's proportion was 0.476151%, which was an increase of 0.016761% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of ($2,100,724). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,882,184	$ 18,532,989
Net difference between projected and actual earnings on OPEB plan investments	287,627	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,348,760	902,267
Changes in plan assumptions	7,181,666	9,536,982
School District contributions subsequent to the measurement date	1,883,866	-
Total	$ 13,584,103	$ 28,972,238

NOTE 15: POSTEMPLOYMENT BENEFITS (Continued)

School District contributions subsequent to the measurement date of $1,883,866 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2024	$ (5,075,525)
2025	(3,944,490)
2026	(2,982,656)
2027	(3,596,446)
2028	(1,542,281)
2029	(130,603)
Total	$ (17,272,001)

Actuarial Assumptions:

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary Increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	5.00%
Ultimate trend rate:	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate:	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

NOTE 15: POSTEMPLOYMENT BENEFITS (Continued)

The plan currently uses mortality tables that vary by age, gender, and health status (i.e., disabled or not disabled) as follows:

- For TRS members: Postretirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Postretirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 Projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Preretirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Postretirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Postretirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scaled applied generationally. Postretirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ended June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

NOTE 15: POSTEMPLOYMENT BENEFITS (Continued)

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Beginning in fiscal year 2018, the State OPEB fund updated their investment strategy to a more long-term approach, investing more in domestic and international stocks. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	4.50%
Equities	70.00%	11.90%
Total	100.00%	

*Net of Inflation

NOTE 15: POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate:
In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.57% was used as the discount rate, as compared with last year's rate of 2.20%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (3.54% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2128.

Sensitivity of The School District's Proportionate Share of The Net OPEB Liability to Changes in the Discount Rate:

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.57%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.57%) or 1-percentage-point higher (4.57%) than the current rate:

	1% Decrease (2.57%)	Current discount rate (3.57%)	1% Increase (4.57%)
School District's proportionate share of the net OPEB liability	$ 53,336,949	$ 47,154,100	$ 41,913,864

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate:

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease	Current healthcare cost trend rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 40,628,894	$ 47,154,100	$ 55,173,551

NOTE 16: NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Agreements*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology agreements. This statement increases the usefulness of a government financial statements by requiring recognition of certain agreements and liabilities for agreements that previously were classified as leases and recognized as inflows or outflows based on the payment provisions of the contract. It establishes a single model for accounting based on the foundational principle that agreements are financings of the right to use an underlying asset.

II. REQUIRED SUPPLEMENTARY INFORMATION

HABERSHAM COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 28,560,000	$ 30,227,329	$ 30,390,823	$ 163,494
State funds	50,955,988	55,266,832	55,274,945	8,113
Federal funds	18,089,885	18,527,546	13,990,672	(4,536,874)
Charges for services	77,000	73,909	2,212,669	2,138,760
Investment income	35,900	343,934	439,500	95,566
Miscellaneous	2,217,560	2,625,018	1,202,247	(1,422,771)
Total revenues	99,936,333	107,064,568	103,510,856	(3,553,712)
EXPENDITURES				
Current:				
Instruction	63,727,767	68,661,133	64,649,522	4,011,611
Support services:				
Pupil services	6,333,166	5,434,850	4,854,906	579,944
Improvement of instructional services	2,030,106	1,658,822	2,284,594	(625,772)
Instructional staff training	116,502	380,097	13,400	366,697
Educational media services	1,791,568	1,940,054	1,939,229	825
General administration	1,700,685	1,567,522	1,165,718	401,804
School administration	5,804,723	6,293,614	6,289,084	4,530
Business administration	654,300	629,958	621,703	8,255
Maintenance and operation of plant	7,261,887	7,665,513	7,664,302	1,211
Student transportation services	3,319,129	5,889,444	5,878,774	10,670
Central support services	897,800	887,078	886,802	276
Other support services	134,800	138,415	1,036,646	(898,231)
Food services operation	6,965,041	6,257,394	6,219,109	38,285
Debt service	-	4,306	170,789	(166,483)
Total expenditures	100,737,473	107,408,200	103,674,578	3,733,622
Net change in fund balances	(801,139)	(343,632)	(163,722)	179,910
FUND BALANCES, beginning of year	15,372,424	15,372,424	15,372,424	-
FUND BALANCES, end of year	$ 14,571,285	$ 15,028,792	$ 15,208,702	$ 179,910

HABERSHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
School District's proportion of the net pension liability	0.333718%	0.326548%	0.325940%	0.322825%	0.327729%
School District's proportionate share of the net pension liability	$ 108,364,685	$ 28,880,993	$ 78,955,425	$ 69,416,104	$ 60,833,522
State of Georgia's proportionate share of the net pension liability associated with the School District	546,178	108,166	285,115	214,812	218,476
Total	$ 108,910,863	$ 28,989,159	$ 79,240,540	$ 69,630,916	$ 61,051,998
School District's covered payroll	$ 45,114,069	$ 42,682,482	$ 42,015,582	$ 39,394,612	$ 39,022,731
School District's proportionate share of the net pension liability as a percentage of its covered payroll	240.20%	67.66%	187.92%	176.21%	155.89%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%	80.27%

	2018	2017	2016	2015
School District's proportion of the net pension liability	0.330166%	0.334515%	0.340686%	0.347005%
School District's proportionate share of the net pension liability	$ 61,362,368	$ 69,014,174	$ 51,866,060	$ 43,839,505
State of Georgia's proportionate share of the net pension liability associated with the School District	320,225	337,319	326,098	239,029
Total	$ 61,682,593	$ 69,351,493	$ 52,192,158	$ 44,078,534
School District's covered payroll	$ 38,048,629	$ 36,874,778	$ 36,187,575	$ 35,594,471
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.27%	187.16%	143.33%	123.16%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HABERSHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
Contractually required contributions	$ 9,770,367	$ 8,937,097	$ 8,135,281	$ 8,882,094	$ 8,233,474
Contributions in relation to the contractually required contributions	9,770,367	8,937,097	8,135,281	8,882,094	8,233,474
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 48,900,736	$ 45,114,069	$ 42,682,482	$ 42,015,582	$ 39,394,612
Contributions as a percentage of covered payroll	19.98%	19.81%	19.06%	21.14%	20.90%

	2018	2017	2016	2015
Contractually required contributions	$ 6,559,721	$ 5,408,349	$ 5,236,435	$ 4,728,929
Contributions in relation to the contractually required contributions	6,559,721	5,408,349	5,236,435	4,728,929
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 39,022,731	$ 38,048,629	$ 36,874,778	$ 36,187,575
Contributions as a percentage of covered payroll	16.81%	14.21%	14.20%	13.07%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HABERSHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	1,521,423	138,358	1,026,259	959,171	908,747
Total	$ 1,521,423	$ 138,358	$ 1,026,259	$ 959,171	$ 908,747
School District's covered-employee payroll	$ 3,850,095	$ 3,847,824	$ 3,077,605	$ 3,083,357	$ 2,967,051
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.21%	98.00%	84.45%	85.02%	85.26%

	2018	2017	2016	2015
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	837,279	1,065,159	703,936	626,024
Total	$ 837,279	$ 1,065,159	$ 703,936	$ 626,024
School District's covered-employee payroll	$ 2,977,940	$ 2,663,776	$ 2,712,452	$ 2,697,737
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HABERSHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021
School District's proportion of the net OPEB liability	0.476151%	0.459390%	0.463514%
School District's proportionate share of the net OPEB liability	$ 47,154,100	$ 49,755,737	$ 68,079,412
Total	$ 47,154,100	$ 49,755,737	$ 68,079,412
School District's covered-employee payroll	$ 44,057,658	$ 40,482,601	$ 39,567,248
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	107.03%	122.91%	172.06%
Plan fiduciary net position as a percentage of the total OPEB liability	6.14%	6.14%	3.99%

	2020	2019	2018
School District's proportion of the net OPEB liability	0.468792%	0.464228%	0.466095%
School District's proportionate share of the net OPEB liability	$ 57,530,836	$ 59,001,955	$ 65,486,160
Total	$ 57,530,836	$ 59,001,955	$ 65,486,160
School District's covered-employee payroll	$ 37,753,541	$ 37,066,034	$ 35,851,308
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	152.39%	159.18%	182.66%
Plan fiduciary net position as a percentage of the total OPEB liability	4.63%	2.93%	1.61%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HABERSHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021
Contractually required contributions	$ 1,883,866	$ 1,721,644	$ 1,708,852
Contributions in relation to the contractually required contributions	1,883,866	1,721,644	1,708,852
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered-employee payroll	$ 45,999,283	$ 44,057,658	$ 40,482,601
Contributions as a percentage of covered-employee payroll	4.095%	3.908%	4.221%

	2020	2019	2018
Contractually required contributions	$ 1,567,496	$ 2,524,770	$ 2,406,049
Contributions in relation to the contractually required contributions	1,567,496	2,524,770	2,406,049
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered-employee payroll	$ 39,567,248	$ 37,753,541	$ 37,066,034
Contributions as a percentage of covered-employee payroll	3.962%	6.688%	6.491%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Teachers Retirement System of Georgia:

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

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

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

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

Public Schools Employees Retirement System of Georgia:

Changes of benefit terms: The monthly benefit accrual rate was increased from $15.50 to $15.75 per year of creditable service effective July 1, 2021 for members retiring on or after August 1, 2012.

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

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

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

School OPEB Fund:

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

Changes in assumptions:
June 30, 2021 valuation: None

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

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

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

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

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

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

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% of June 30, 2019, 2.22% as of June 30, 2020, and to 3.75% as of June 30, 2021.

III. OTHER SUPPLEMENTARY INFORMATION

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost (1)	Current Estimated Cost (2)	Expended In Current Year (3) (4)	Expended In Prior Years (3)	Total Completion Cost	Project Status
SPLOST Issue 2016:						
(i) Paying a portion of the principal and interest due on outstanding Habersham County School District (Georgia) General Obligation Refunding Bonds, Series 2013, the maximum amount of total debt service to be paid shall not exceed $28,000,000.	$ 20,000,000	$ 20,000,000	$ 4,396,585	$ 14,492,961	$ 18,889,546	Ongoing
(ii) Modernizing, adding to, renovating, repairing, improving, furnishing and equipping existing school buildings and other facilities, including, but not limited to Hazel Grove and Woodville Elementary Schools, agricultural, athletic/physical education and fine arts facilities; (iii) Acquiring new school equipment, including, but not limited to agricultural, athletic/physical education and fine arts; (iv) Acquiring technology, including safety and security equipment, computers/tablets, hardware, software and infrastructure; (v) Acquiring school buses and other vehicles.	15,000,000	18,097,844	3,301,688	11,550,755	14,852,443	Ongoing
Total	$ 35,000,000	$ 38,097,844	$ 7,698,273	$ 26,043,716	$ 33,741,989	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the project(s). Includes all cost from project inception to completion.

(3) The voters of Habersham County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) During fiscal year 2020, the Habersham County Board of Education issued General Obligation Refunding Bond Series 2020, to refund a portion of the 2013 Bond Issue. The amount expended in the current year includes debt service on the replacement refunding issues.

(5) During fiscal year 2023, the Habersham County Board of Education converted Series 2020 General Obligation taxable bonds to nontaxable bonds to save Habersham County taxpayers interest. The amount expended in the current year includes debt service on the converted bonds.

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF EDUCATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

DESCRIPTION	Original Estimated Cost (1)	Current Estimated Cost (2)	Expended In Current Year (3)	Expended In Prior Years (3)	Total Completion Cost	Project Status
SPLOST Issue 2022						
(a) Paying a portion of the principal and interest due on outstanding Habersham County School District (Georgia) General Obligation Refunding Bonds, Series 2013, the Habersham County School District (Georgia), General Obligation Refunding Bond, Taxable Series 2020, and any indebtedness refunding such bonds, the maximum amount of debt service to be paid not to $26,000,000.	$ 26,000,000	$ 26,000,000	$ 397,729	$ -	$ 397,729	Ongoing
(b) acquiring, constructing, equipping and furnishing of new school buildings and facilities, (c) purchasing safety and security equipment and infrastructure for schools, system facilities and buses, (d) purchasing school buses and other transportation vehicles, (e) adding to, renovating, equipping and furnishing existing school buildings, fine arts facilities, physical education facilities, student activity facilities, parking areas, and other school facilities, (f) acquiring land and conducting site preparation for current and future school district purposes, (g) purchasing classroom technology and making system-wide technology improvements, (h) purchasing instructional and support software, textbooks, library books and band instruments, and (i) acquiring any capital property necessary or desirable for the foregoing purposes, both real and personal.	33,000,000	33,000,000	-	-	-	Ongoing
	$ 59,000,000	$ 59,000,000	$ 397,729	$ -	$ 397,729	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the project(s). Includes all cost from project inception to completion.

(3) The voters of Habersham County approved the imposition of a 1% sales tax to fund the above project(s) and retire associated debt.
Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project(s).

IV. SINGLE AUDIT SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Superintendent and Members of
the Habersham County Board of Education
Clarkesville, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Habersham County Board of Education (the "School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 18, 2024. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 18, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Superintendent and Members of
the Habersham County Board of Education
Clarkesville, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Habersham County Board of Education's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 18, 2024

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. Department of Agriculture:			
Passed through Georgia Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program - Cash Assistance	10.553	225GA324N1199	$ 1,508,277
National School Lunch Program:			
National School Lunch Program - Cash Assistance	10.555	225GA324N1199	2,874,209
Noncash Assistance (Commodities)	10.555	225GA324N1099	481,165
School Snack Program	10.555	225GA324N1199	23,801
Supply Chain Assistance	10.555	235GA324N1099	204,113
Total Child Nutrition Cluster			5,091,565
NSLP - Equipment Assistance Grant	10.579	215GA350N8103	38,034
NSLP - Equipment Assistance Grant	10.560	205GA904N2533	17,638
Passed through Office of the State Treasurer			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	10.665	486 Forest	33,036
Total U.S. Department of Agriculture			5,180,273
U.S. Department of Education:			
Passed through Georgia Department of Education:			
Special Education Cluster:			
High Cost Fund Pool	84.027A	H027A220073	80,510
IDEA 611 Special Ed Flowthrough	84.027A	H027A220073	1,493,488
IDEA 619 Special Ed Ages 3-5	84.173A	H173A220081	60,073
Special Education Parent Mentor	84.027A	H027A220073	18,400
IDEA Capacity Building Grant	84.027A	H027A210073	6,256
COVID-19 - IDEA ARP 611	84.173A	H027A210073	13,404
Total Special Education Cluster			1,672,131
Career and Technical Education - Basic Grants to States	84.048	V048A220010	74,960
Career and Technical Education - Basic Grants to States - Perkins Carryover	84.048	V048A220010	4,414
Total Career and Technical Education - Basic Grants to States			79,374
English Language Acquisition State Grants			
Title III-A Language Instruction for English Learners	84.365A	S365A220010	77,461
Title II-A Improving Teacher Quality	84.367A	S367A210001	203,874
Title II-A Improving Teacher Quality	84.367A	S367A220001	98,447
Title II-A Advanced Placement Grant-685	84.367A	S367A220001	650
Total Supporting Effective Instruction State Grants			302,971
Migrant Education - State Grant Program	84.011	S011A220011	83,078
Title V-B Rural and Low-Income Schools	84.358B	S358B220010	162,089
Student Support and Academic Enrichment			
Title IV-Part A Student Support and Academic Enrichment	84.424A	S424A220011	129,889
COVID-19 - ESSER - ARP Homeless Children and Youth I	84.425W	S425W210011	23,236
COVID-19 - ESSER III - ARP LEA	84.425U	S425U210012	4,453,834
COVID-19 - ESSER III - ARP LL Opportunity Grant	84.425U	S425D210012	3,000
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)			4,480,070
Title I Grants to Local Educational Agencies	84.010A	S010A220010	1,763,514
Title I Grants to Local Educational Agencies	84.010A	S010A210010	41
Total Title I Grants to Local Educational Agencies			1,763,555
Total U.S. Department of Education			8,750,618

(Continued)

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
U. S. Department of Health and Human Services:			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start			
COVID-19 - Child Care and Development Block Grant	93.575	S425D220012	$ 35,000
Total Child Care and Development Fund Cluster			35,000
Total U.S. Department of Health and Human Services			35,000
U. S. Department of Defense:			
R.O.T.C. Program	12.Unknown	N/A	24,780
Total U.S. Department of Defense			24,780
Total Expenditures of Federal Awards			$ 13,990,671

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Habersham County Board of Education and is presented on the modified accrual basis of accounting.

The School District did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ yes __X__ no
Significant deficiencies identified?	___ yes __X__ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

Internal Control over major federal programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____yes __X__ no

Identification of major federal program:

Name of Federal Program or Cluster	Federal Assistance Listing Number
COVID-19: Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425W and 84.425U
Child Nutrition Cluster	10.555 and 10.553

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_____yes __X__ no

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HABERSHAM COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported.