



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2023

Catoosa County Board of Education Ringgold, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Catoosa County Board of Education

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Section I

Financial



INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Chance Nix, Superintendent and Members of the
Catoosa County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary activities of the Catoosa County Board of Education (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, each major fund, and fiduciary activities 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

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 GAAS 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 GAAS 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 Management's Discussion and Analysis and required supplementary information 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 GAAS, 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 appropriate evidence to express an opinion or provide any assurance.

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 supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary 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. Such 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 GAAS. In our opinion, the information is 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 25, 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.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,



Greg S. Griffin
State Auditor

March 25, 2024

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CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTION

The discussion and analysis of the Catoosa County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2023 and June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2023 and 2022 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by \$59.8 million and \$62.9 million, respectively, for the fiscal years ended June 30, 2023 and 2022.
- The School District had \$158.2 million and \$138.6 million in expenses relating to governmental activities for the fiscal years ended June 30, 2023 and June 30, 2022, respectively. Only \$92.5 million and \$101.7 million of the above mentioned expenses for 2023 and 2022 were offset by program specific charges for services, grants, and contributions. General revenues (primarily property and sales taxes) of \$62.6 million and \$64.0 million, respectively, for 2023 and 2022, along with fund balance were adequate to provide for these programs.
- The current ratio, which measures the School District's ability to transform current assets into cash and pay its short-term liabilities, was 3.1 and 5.0 for the fiscal years ended June 30, 2023 and June 30, 2022, respectively. Generally, a ratio greater than 1.5 is considered very financially stable.
- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of \$15.8 million, a decrease of \$9.9 million from the June 30, 2022 fund balance of \$25.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2023 and 2022, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has one distinct type of activity:

- **Governmental Activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

Fiduciary Funds – Custodial funds are used to report resources held by the School District in a purely custodial capacity. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2023 and 2022.

	Table 1			
	Net Position			
	Governmental Activities			
	Fiscal Year 2023	Percent of Total	Fiscal Year 2022	Percent of Total
Assets				
Current and Other Assets	\$ 72,405,175	23%	\$ 108,968,238	34%
Capital Assets, Net	238,379,267	77%	210,782,743	66%
Total Assets	310,784,442	100%	319,750,981	100%
Deferred Outflows of Resources				
Related to Defined Benefit Pension Plan	78,682,271	81%	34,388,150	67%
Related to OPEB Plan	18,419,793	19%	16,862,466	33%
Total Deferred Outflows of Resources	97,102,064	100%	51,250,616	100%
Liabilities				
Current and Other Liabilities	23,340,599	8%	21,896,648	11%
Long-Term Liabilities	280,132,154	92%	177,808,234	89%
Total Liabilities	303,472,753	100%	199,704,882	100%
Deferred Inflows of Resources				
Related to Defined Benefit Pension Plan	1,989,133	4%	66,128,382	61%
Related to OPEB Plan	42,673,486	96%	42,317,957	39%
Total Deferred Inflows of Resources	44,662,619	100%	108,446,339	100%
Net Assets				
Net Investment in Capital Assets	200,707,396	336%	208,609,624	332%
Restricted	28,850,352	48%	25,974,965	41%
Unrestricted (Deficit)	(169,806,614)	-284%	(171,734,213)	-273%
Total Net Position	\$ 59,751,134	100%	\$ 62,850,376	100%

Total assets and deferred outflows of resources increased by \$36.9 million which was primarily due to an increase in our deferred outflows of resources related to defined benefit pension plan.

Total liabilities and deferred inflows of resources increased by \$40.0 million. The combination of the increase in total assets and deferred outflows of resources and the increase in total liabilities and deferred inflows of resources yielded a decrease in net position of \$3.1 million.

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Table 2 shows the changes in net position for fiscal years ending June 30, 2023 and June 30, 2022.

Table 2
Change in Net Position

	Governmental Activities			
	Fiscal Year 2023	Percent of Total	Fiscal Year 2022	Percent of Total
Revenues				
Program Revenues:				
Charges for Services	\$ 3,135,206	3%	\$ 1,443,541	1%
Operating Grants and Contributions	89,335,853	97%	97,977,302	97%
Capital Grants and Contributions	-	0%	2,264,408	2%
Total Program Revenues	<u>92,471,059</u>	<u>100%</u>	<u>101,685,251</u>	<u>100%</u>
General Revenues:				
Property Taxes	33,389,563	53%	32,944,974	52%
Sales Taxes	16,900,268	27%	16,131,891	25%
Grants and Contributions not restricted to Restricted for Specific Programs	7,016,086	11%	9,891,369	15%
Investment Earnings	520,725	1%	121,525	0%
Miscellaneous	4,756,913	8%	4,865,114	8%
Total General Revenues	<u>62,583,555</u>	<u>100%</u>	<u>63,954,873</u>	<u>100%</u>
Total Revenues	<u>155,054,614</u>		<u>165,640,124</u>	
Program Expenses				
Instruction	102,344,106	65%	87,764,503	65%
Support Services				
Pupil Services	8,918,192	6%	6,889,877	5%
Improvement of Instructional Services	6,022,047	4%	4,518,623	3%
Educational Media Services	2,024,723	1%	1,666,951	1%
General Administration	2,245,121	1%	2,704,101	2%
School Administration	9,348,766	6%	7,583,449	5%
Business Administration	992,655	1%	967,595	1%
Maintenance and Operation of Plant	10,648,715	7%	10,228,635	7%
Student Transportation Services	6,397,544	4%	7,277,195	5%
Central Support Services	749,918	0%	536,638	0%
Other Support Services	1,229,393	1%	1,008,545	1%
Operations of Non-Instructional Services				
Community Services	615,358	0%	461,619	0%
Food Services	5,800,420	4%	5,949,635	4%
Interest on Long-Term Debt	816,898	0%	1,078,664	1%
Total Expenses	<u>158,153,856</u>	<u>100%</u>	<u>138,636,030</u>	<u>100%</u>
Increase in Net Position	(3,099,242)		27,004,094	
Beginning Net Position, Restated	<u>62,850,376</u>		<u>35,846,282</u>	
Ending Net Position	<u>\$ 59,751,134</u>		<u>\$ 62,850,376</u>	

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions decreased \$9.2 million for governmental activities. This decrease is largely due to a decrease in QBE funding via a reduction in Equalization and an increase in our Local Fair Share calculation.

General revenues decreased by \$1.4 million during fiscal year 2023. The majority of this decrease came from a reduction in grant revenue.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2023	2022	2023	2022
Program Expenses				
Instruction	\$ 102,344,106	\$ 87,764,503	\$ 32,933,123	\$ 10,636,052
Support Services				
Pupil Services	8,918,192	6,889,877	6,756,584	5,171,823
Improvement of Instructional Services	6,022,047	4,518,623	2,874,627	2,065,618
Educational Media Services	2,024,723	1,666,951	642,492	186,234
General Administration	2,245,121	2,704,101	351,701	801,304
School Administration	9,348,766	7,583,449	6,400,719	4,226,171
Business Administration	992,655	967,595	992,655	880,706
Maintenance and Operation of Plant	10,648,715	10,228,635	7,617,747	6,513,217
Student Transportation Services	6,397,544	7,277,195	4,944,354	5,772,354
Central Support Services	749,918	536,638	749,918	518,343
Other Support Services	1,229,393	1,008,545	900,146	659,797
Operations of Non-Instructional Services				
Community Services	615,358	461,619	396,002	293,180
Food Services	5,800,420	5,949,635	(694,169)	(1,852,684)
Interest on Long-Term Debt	816,898	1,078,664	816,898	1,078,664
	<u>\$ 158,153,856</u>	<u>\$ 138,636,030</u>	<u>\$ 65,682,797</u>	<u>\$ 36,950,779</u>
Total Expenses	<u>\$ 158,153,856</u>	<u>\$ 138,636,030</u>	<u>\$ 65,682,797</u>	<u>\$ 36,950,779</u>

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2023, 41.5% of instruction and support activities were supplemented by taxes and other general revenues compared to 26.7% in 2022.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of \$177.1 million and total expenditures and other financing uses of \$216.1 million. There was a decrease in the fund balance totaling \$39.1 million for the governmental funds as a whole. The majority of this decrease is due to the large construction projects financed by the prior year's issuance of GO bonds. The \$15.8 million fund balance in the general fund reflects that the School District continues to be able to adequately meet current costs.

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

General Fund Budgeting Highlights

The School District’s budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2023 and 2022, the School District amended its general fund budget as needed.

During fiscal year 2023 the general fund had final actual revenues totaling \$138.3 million, which represented an increase from the original budgeted amount of \$130.4 million by \$7.9 million. This difference (final actual vs. original budget) was mostly due to a higher than projected amount of miscellaneous revenue, state funds and a reduction in the amount of Federal funds utilized during the fiscal year.

Final actual expenditures during fiscal year 2023 totaling \$148.1 million represented an increase from the original budgeted amount of \$134.8 million by \$13.3 million. The increase in actual expenditures versus original budget expenditures was due primarily to the utilization of ESSER funds to address learning loss, add instructional resources, and increase sanitization processes/resources. Furthermore, the difference was exacerbated by the increase in the SBHP employer share of costs per Certified employee effective January 1, 2023.

CAPITAL ASSETS

At the fiscal years ended June 30, 2023 and June 30, 2022, the School District had \$238.4 million and \$210.8 million, respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land; buildings; transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2023	2022
Land	\$ 7,741,723	\$ 6,945,750
Construction in Progress	37,741,191	10,347,655
Buildings and Improvements	174,782,674	175,159,014
Equipment	6,787,708	5,021,073
Land Improvements	11,325,971	13,309,251
Total	\$ 238,379,267	\$ 210,782,743

The overall capital assets increased in fiscal year 2023 by \$27.6 million largely due to multiple large construction projects in 2023 that have added greatly to the construction in progress total.

The construction in progress balance at June 30, 2023 consist of the following projects:

- From Here to Career College and Career Academy Construction
- Lakeview Fort-Oglethorpe High School Theater Addition

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

DEBT ADMINISTRATION

At June 30, 2023, the School District had \$47.4 million in total debt outstanding with \$8.9 million due within one year. Table 5 summarizes bond debt outstanding at June 30, 2023 and 2022.

**Table 5
Changes in Long-Term Debt**

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2023	2022
General Obligation Bonds	\$ 42,000,000	\$ 50,820,000
Unamortized Bond Premium	5,279,408	6,599,260
Financed Purchases	12,009	24,017
Compensated Absences	88,058	74,828
 Total	 \$ 47,379,475	 \$ 57,518,105

The School District issued new general obligation bonds in the amount of \$42.0 million on July 13, 2021. The bonds will be repaid from sales tax proceeds of a Special Purpose Local Option Sales Tax (SPLOST) that begins July 1, 2022 and ends June 30, 2027. Final payment on the 2021 general obligation bonds will occur on August 1, 2027.

CURRENT ISSUES

Fiscal year 2023 was largely a successful year for the Catoosa County Board of Education. The School District as a whole continued to see strong graduation rates and increased the percentage of third graders reading on grade level. In the prior year, instructional positions and resources were increased with the help of ESSER funding to combat learning loss and provide additional resources for all students. The School District emphasized new approaches to identify students who needed more instructional support or areas where grade levels as a whole needed a new approach to reach specific goals by implementing tools such as data walls and forming literacy teams. These approaches have proven successful as the School District has seen improvement across the majority of grade levels and subjects, including two schools being recognized as literacy leaders for progress and another as a Title I rewards school. All of this was accomplished by keeping expenses as flat as possible, strategic utilization of general fund reserves and the temporary availability of ESSER funding. Even though general fund reserves were decreased, the Board was able to maintain its strong financial position in 2023. However, several challenges remain in the near future.

The rising cost of employee benefits continues to be a major expenditure for the Board and the mitigation of these costs is now a primary focus. In fiscal year 2023, the Board spent approximately \$40.3 million on employee benefits alone, a \$4.9 million increase from 2022. The required employer contribution rates for Teachers Retirement System of GA (TRS) increased from 19.81% to 19.98% in 2023. Continued economic uncertainty, including rapid inflation across most sectors, will lead to an increase in future years and will force the School District to once again start contributing at over 20% future years. Additionally, due to economic factors, the School District faces more competition for potential employees than it has in a number of years. To combat this reality, the Board increased all pay scales by 15% in recent years and will need to increase them further to stay competitive with other School Districts and the private sector alike. Additionally, the unannounced, but immediately effective, State Board Health Plans (SBHP) increase in the employer premiums for all Certified personnel by nearly 65% has caused a significant decline in the Board's general fund reserves and will pose challenges in the years to come. Once Classified personnel undergo a similar increase beginning in 2024, significant action will need to take place to combat these new expenditures.

CATOOSA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The impact of COVID-19 continues to be felt in many ways. Since 2021 ESSER funding has allowed the School District to make meaningful impacts in the instruction of the student body, keep facilities clean and safe, and give staff the flexibility to continue instructing the students either in person, in a hybrid manner, or virtually regardless of societal circumstances. However, ESSER funding will cease in the next year and the Board will have to determine what programs can be continued and at what financial cost they will come with. Since the majority of the funding was used for new initiatives these decisions will be challenging and not everything will be able to continue.

Approximately 89.5% of general fund expenses, the main operating fund for the Board, were related to salaries and employee benefits for the year ended June 30, 2023. A large percentage of certified personnel in the school district have 21 years or more of experience resulting in salaries at the highest possible state pay level. With such personnel heavy expenses, it is difficult to offset mandated expense increases such as TRS and health insurance premium expenses. The Board consistently evaluates how funds can be spent smarter and more effectively to ensure that Catoosa County students receive a quality education from effective personnel.

In 2023, the Board voted to roll back the millage rate from 15.089 to 15.040 due to increased property values. This maintained the level of funding received from property taxes by the Board in previous years without passing on a higher tax bill to Catoosa County residents. This represents the new lowest millage rate in Catoosa County since 2001. The net digest for fiscal year 2023 increased to \$1.962 billion, which produced approximately \$1,962,000 per mill. We expect the tax digest to continue growing for fiscal year 2024 with the current economic factors. As shown in Table 3, property tax and sales tax are responsible for covering 41% of the Board's costs, up from 26% in fiscal year 2022 due to a reduction in State funding. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue and expand as the health insurance premium expenses continue to increase for Classified personnel.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Austin Carter at the Catoosa County Board of Education, at 307 Cleveland Street, Ringgold, Georgia 30736. You may also email your questions to acarter@catoosa.k12.ga.us.

Catoosa County Board of Education

CATOOSA COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 57,208,145
Accounts Receivable, Net	
Interest	35,429
Taxes	2,852,199
State Government	9,929,724
Federal Government	2,082,631
Other	95,980
Inventories	184,997
Prepaid Items	16,070
Capital Assets, Non-Depreciable	45,482,914
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>192,896,353</u>
Total Assets	<u>310,784,442</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	78,682,271
Related to OPEB Plan	<u>18,419,793</u>
Total Deferred Outflows of Resources	<u>97,102,064</u>
 <u>LIABILITIES</u>	
Accounts Payable	53,510
Salaries and Benefits Payable	16,837,269
Interest Payable	875,000
Claims Incurred but not Reported (IBNR)	425,372
Contracts Payable	1,749,018
Retainages Payable	3,399,830
Deposits and Unearned Revenues	600
Net Pension Liability	162,800,959
Net OPEB Liability	69,951,720
Long-Term Liabilities	
Due Within One Year	8,911,861
Due in More Than One Year	<u>38,467,614</u>
Total Liabilities	<u>303,472,753</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	1,989,133
Related to OPEB Plan	<u>42,673,486</u>
Total Deferred Inflows of Resources	<u>44,662,619</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	200,707,396
Restricted for	
Continuation of Federal Programs	4,192,506
Debt Service	7,790,429
Capital Projects	16,867,417
Unrestricted (Deficit)	<u>(169,806,614)</u>
Total Net Position	<u>\$ 59,751,134</u>

CATOOSA COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT "B"

	PROGRAM REVENUES		NET (EXPENSES)	
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 102,344,106	\$ 283,982	\$ 69,127,001	\$ (32,933,123)
Support Services				
Pupil Services	8,918,192	389,274	1,772,334	(6,756,584)
Improvement of Instructional Services	6,022,047	-	3,147,420	(2,874,627)
Educational Media Services	2,024,723	35,512	1,346,719	(642,492)
General Administration	2,245,121	-	1,893,420	(351,701)
School Administration	9,348,766	56,137	2,891,910	(6,400,719)
Business Administration	992,655	-	-	(992,655)
Maintenance and Operation of Plant	10,648,715	60,088	2,970,880	(7,617,747)
Student Transportation Services	6,397,544	-	1,453,190	(4,944,354)
Central Support Services	749,918	-	-	(749,918)
Other Support Services	1,229,393	319,033	10,214	(900,146)
Operations of Non-Instructional Services				
Community Services	615,358	219,356	-	(396,002)
Food Services	5,800,420	1,771,824	4,722,765	694,169
Interest on Long-Term Debt	816,898	-	-	(816,898)
	<u>\$ 158,153,856</u>	<u>\$ 3,135,206</u>	<u>\$ 89,335,853</u>	<u>(65,682,797)</u>
Total Governmental Activities	<u>\$ 158,153,856</u>	<u>\$ 3,135,206</u>	<u>\$ 89,335,853</u>	<u>(65,682,797)</u>
General Revenues				
Taxes				
Property Taxes				
			32,616,158	
			773,405	
Sales Taxes				
			16,147,389	
			752,879	
			7,016,086	
			520,725	
			4,756,913	
			<u>62,583,555</u>	
			(3,099,242)	
			<u>62,850,376</u>	
			<u>\$ 59,751,134</u>	

CATOOSA COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

EXHIBIT "C"

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 19,811,095	\$ 28,767,050	\$ 8,630,000	\$ 57,208,145
Accounts Receivable, Net				
Interest	-	-	35,429	35,429
Taxes	1,251,856	1,600,343	-	2,852,199
State Government	9,929,724	-	-	9,929,724
Federal Government	2,082,631	-	-	2,082,631
Other	95,980	-	-	95,980
Inventories	184,997	-	-	184,997
Prepaid Items	16,070	-	-	16,070
	<u>16,070</u>	<u>-</u>	<u>-</u>	<u>16,070</u>
Total Assets	<u>\$ 33,372,353</u>	<u>\$ 30,367,393</u>	<u>\$ 8,665,429</u>	<u>\$ 72,405,175</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 53,510	\$ -	\$ -	\$ 53,510
Salaries and Benefits Payable	16,837,269	-	-	16,837,269
Contracts Payable	-	1,749,018	-	1,749,018
Retainage Payable	-	3,399,830	-	3,399,830
Deposits and Unearned Revenue	600	-	-	600
Total Liabilities	<u>16,891,379</u>	<u>5,148,848</u>	<u>-</u>	<u>22,040,227</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	659,881	-	-	659,881
	<u>659,881</u>	<u>-</u>	<u>-</u>	<u>659,881</u>
<u>FUND BALANCES</u>				
Nonspendable	201,067	-	-	201,067
Restricted	4,007,510	25,218,545	8,665,429	37,891,484
Assigned	3,417,367	-	-	3,417,367
Unassigned	8,195,149	-	-	8,195,149
Total Fund Balances	<u>15,821,093</u>	<u>25,218,545</u>	<u>8,665,429</u>	<u>49,705,067</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,372,353</u>	<u>\$ 30,367,393</u>	<u>\$ 8,665,429</u>	<u>\$ 72,405,175</u>

CATOOSA COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	49,705,067
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 7,741,723	
Construction in progress	37,741,191	
Buildings and improvements	239,036,828	
Equipment	20,177,767	
Land improvements	15,393,860	
Accumulated depreciation	<u>(81,712,102)</u>	238,379,267
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (162,800,959)	
Net OPEB liability	<u>(69,951,720)</u>	(232,752,679)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$ 76,693,138	
Related to OPEB	<u>(24,253,693)</u>	52,439,445
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		659,881
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (42,000,000)	
Accrued interest payable	(875,000)	
Financed purchase arrangement payable	(12,009)	
Compensated absences payable	(88,058)	
Unamortized bond premiums	(5,279,408)	
Claims payable	<u>(425,372)</u>	<u>(48,679,847)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>59,751,134</u></u>

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	\$ 33,251,535	\$ -	\$ -	\$ 33,251,535
Sales Taxes	752,879	16,147,389	-	16,900,268
State Funds	80,404,723	-	-	80,404,723
Federal Funds	15,691,608	-	-	15,691,608
Charges for Services	3,135,206	-	-	3,135,206
Investment Earnings	281,770	12,217	226,738	520,725
Miscellaneous	4,744,158	12,755	-	4,756,913
Total Revenues	<u>138,261,879</u>	<u>16,172,361</u>	<u>226,738</u>	<u>154,660,978</u>
EXPENDITURES				
Current				
Instruction	93,760,302	309,077	-	94,069,379
Support Services				
Pupil Services	8,691,342	-	-	8,691,342
Improvement of Instructional Services	5,861,379	-	-	5,861,379
Educational Media Services	1,959,540	-	-	1,959,540
General Administration	1,882,882	372,647	-	2,255,529
School Administration	9,052,943	-	-	9,052,943
Business Administration	957,564	-	-	957,564
Maintenance and Operation of Plant	10,301,245	182,337	-	10,483,582
Student Transportation Services	6,723,765	1,577,620	-	8,301,385
Central Support Services	739,206	-	-	739,206
Other Support Services	1,220,063	-	-	1,220,063
Community Services	664,604	-	-	664,604
Food Services Operation	6,300,433	-	-	6,300,433
Capital Outlay	-	32,029,756	-	32,029,756
Debt Services				
Principal	12,008	-	8,820,000	8,832,008
Interest	3,058	-	2,320,500	2,323,558
Total Expenditures	<u>148,130,334</u>	<u>34,471,437</u>	<u>11,140,500</u>	<u>193,742,271</u>
Revenues over (under) Expenditures	<u>(9,868,455)</u>	<u>(18,299,076)</u>	<u>(10,913,762)</u>	<u>(39,081,293)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,459,197	15,934,570	22,393,767
Transfers Out	(4,182)	(15,934,570)	(6,455,015)	(22,393,767)
Total Other Financing Sources (Uses)	<u>(4,182)</u>	<u>(9,475,373)</u>	<u>9,479,555</u>	<u>-</u>
Net Change in Fund Balances	(9,872,637)	(27,774,449)	(1,434,207)	(39,081,293)
Fund Balances - Beginning	<u>25,693,730</u>	<u>52,992,994</u>	<u>10,099,636</u>	<u>88,786,360</u>
Fund Balances - Ending	<u>\$ 15,821,093</u>	<u>\$ 25,218,545</u>	<u>\$ 8,665,429</u>	<u>\$ 49,705,067</u>

CATOOSA COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2023

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ (39,081,293)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 34,099,383	
Depreciation expense	<u>(6,502,859)</u>	27,596,524

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

138,028

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 position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Bond principal retirements	\$ 8,820,000	
Financed purchase arrangement payments	<u>12,008</u>	8,832,008

District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$ (9,343,478)	
OPEB expense	<u>6,516,096</u>	(2,827,382)

Some items 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.

Accrued interest on issuance of bonds	\$ 183,750	
Amortization of bond premium	1,319,852	
Compensated absences	(13,230)	
Claims	<u>752,501</u>	<u>2,242,873</u>

Change in net position of governmental activities (Exhibit "B") \$ (3,099,242)

CATOOSA COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

EXHIBIT "G"

	CUSTODIAL FUNDS
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,310,572
Receivables, Net	
Other	63,599
Total Assets	1,374,171
 <u>LIABILITIES</u>	
Salaries and Benefits Payable	28,824
 <u>NET POSITION</u>	
Restricted	
Individuals, Organizations, and Other Governments	\$ 1,345,347

CATOOSA COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

EXHIBIT "H"

	CUSTODIAL FUNDS
<u>ADDITIONS</u>	
Contributions	
Donors	\$ 185,088
Miscellaneous	1,041,820
Total Additions	1,226,908
 <u>DEDUCTIONS</u>	
Other Deductions	565,266
Change in Net Position	661,642
Net Position - Beginning	683,705
Net Position - Ending	\$ 1,345,347

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. 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 Net Position presents the School District's non-fiduciary assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

CATOOSA COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "I"

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

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

Fund Financial Statements

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and bond proceeds that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

Basis of Accounting

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

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

CATOOSA COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "I"

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

New Accounting Pronouncements

In fiscal year 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have a material impact on the School District's financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

Inventories

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the first-in, first-out basis). The School District uses the consumption method to

CATOOSA COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

EXHIBIT "I"

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.

Prepaid Items

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

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000	20 to 80 years
Buildings and Improvements	\$ 10,000	20 to 80 years
Equipment	\$ 10,000	5 to 15 years
Intangible Assets	\$ 100,000	10 to 20 years

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

Vacation leave of 5 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 5 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

Long-Term Liabilities and Bond Discounts/Premiums

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

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Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The School District's fund balances are classified as follows:

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned consists of resources constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

The Catoosa County Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on August 31, 2022 (levy date) based on property values as of January 1, 2022. Taxes were due on December 20, 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 Catoosa 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 \$28,487,434.

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The tax millage rate levied for the 2022 tax digest year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>15.040</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$3,990,696 during fiscal year ended June 30, 2023.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$16,147,389 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments of no more than 5% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS

Collateralization of Deposits

O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2023, the School District had deposits with a carrying amount of \$58,518,717, and a bank balance of \$63,894,838. The bank balances insured by Federal depository insurance were \$1,250,000.

At June 30, 2023, \$62,644,838 of the School District's bank balances was exposed to custodial credit risk. Of this balance, \$50,811,139 was in the State's Secure Deposit Program (SDP) and the remaining balance of \$11,838,699 was held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization

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levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

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

NOTE 5: CAPITAL ASSETS

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

	<u>Balances</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2023</u>
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 6,945,750	\$ 795,973	\$ -	\$ 7,741,723
Construction in Progress	<u>13,309,251</u>	<u>29,823,474</u>	<u>5,391,534</u>	<u>37,741,191</u>
Total Capital Assets				
Not Being Depreciated	<u>20,255,001</u>	<u>30,619,447</u>	<u>5,391,534</u>	<u>45,482,914</u>
Capital Assets,				
Being Depreciated				
Buildings and Improvements	234,542,668	4,494,160	-	239,036,828
Equipment	17,309,763	2,868,004	-	20,177,767
Land Improvements	13,884,554	1,509,306	-	15,393,860
Less Accumulated				
Depreciation:				
Buildings and Improvements	59,383,654	4,870,500	-	64,254,154
Equipment	12,288,690	1,101,369	-	13,390,059
Land Improvements	<u>3,536,899</u>	<u>530,990</u>	<u>-</u>	<u>4,067,889</u>
Total Capital Assets,				
Being Depreciated, Net	<u>190,527,742</u>	<u>2,368,611</u>	<u>-</u>	<u>192,896,353</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 210,782,743</u>	<u>\$ 32,988,058</u>	<u>\$ 5,391,534</u>	<u>\$ 238,379,267</u>

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Current year depreciation expense by function is as follows:

Instruction		\$	4,137,967
Support Services			
Pupil Services	\$		19,508
General Administration			154,982
Maintenance and Operation of Plant			803,578
Student Transportation Services			1,262,857
Community Services			10,402
Food Services			113,565
		\$	6,502,859

NOTE 6: INTERFUND TRANSFERS

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

Transfers to	Transfers From			
	General Fund	Capital Projects Fund	Debt Service Fund	Total
Capital Projects Fund	\$ 4,182	\$ -	\$ 6,455,015	\$ 6,459,197
Debt Service Fund	-	15,934,570	-	15,934,570
Total	\$ 4,182	\$ 15,934,570	\$ 6,455,015	\$ 22,393,767

Transfers are used to move sales tax revenues collected by the capital projects fund to the debt service fund to pay principal and interest for the general obligation bonds as required in the bond resolution, to move funds from the general fund to the capital projects fund for capital outlay and to move overcollections of sales tax revenues for general obligation bonds where all debt service requirements have been met are made back to the capital projects fund from the debt service fund.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General Obligation (G.O.) Bonds	\$ 50,820,000	\$ -	\$ 8,820,000	\$ 42,000,000	\$ 7,580,000
Unamortized Bond Premiums	6,599,260	-	1,319,852	5,279,408	1,319,852
Financed Purchases	24,017	-	12,008	12,009	12,009
Compensated Absences(1)	74,828	13,230	-	88,058	-
	\$ 57,518,105	\$ 13,230	\$ 10,151,860	\$ 47,379,475	\$ 8,911,861

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

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General Obligation Bonds

The School District’s bonded debt consists of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2023. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

Of the total amount originally authorized, \$7,000,000 remains unissued. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2021	5.00%	7/13/2021	8/1/2027	\$ 42,000,000	\$ 42,000,000

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2024	\$ 7,580,000	\$ 1,910,500	\$ 1,319,852
2025	7,970,000	1,521,750	1,319,852
2026	8,380,000	1,113,000	1,319,852
2027	8,810,000	683,250	1,319,852
2028	9,260,000	231,500	-
Total Principal and Interest	\$ 42,000,000	\$ 5,460,000	\$ 5,279,408

Obligations Under Financed Purchases

The School District has acquired band equipment under the provisions of financed purchase agreements for accounting purposes because they provide for a transfer of ownership by the end of the payment schedule.

If sufficient funds are not appropriated to make payments required under this agreement for the original term or any renewal term, this agreement shall terminate at the end of the then current original term or renewal term, and the School District shall not be obligated to make payments under this agreement beyond the then current term, and all of the School District’s right, title and interest in and to the equipment shall terminate at the end of the then current term. If such a non-appropriation occurs, the School District shall, no later than the end of the then-current term, return

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the equipment to a location in the continental United States specified by the lessor, freight and insurance prepaid by the School District, and in the condition in which it is required to be maintained hereunder.

The following assets were acquired through financed purchase agreements and are reflected in the capital asset note at fiscal year-end:

	Governmental Activities
Equipment	\$ 53,850
Less: Accumulated Depreciation	36,063
	\$ 17,787

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Band Equipment - LFO	0.00%	7/1/2019	7/1/2024	\$ 29,085	\$ 5,818
Band Equipment - RHS	0.00%	3/1/2021	3/1/2024	24,765	6,191
				\$ 53,850	\$ 12,009

The following is a schedule of total finance purchase payments:

Fiscal Year Ended June 30:	Principal	Interest
2024	\$ 12,009	\$ 3,058

Compensated Absences

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

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

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Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$450,000 loss per occurrence, up to the statutory limit.

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

		Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
	\$	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2022	\$	407,768	\$ 1,164,873	\$ 394,768	\$ 1,177,873
2023	\$	1,177,873	\$ (473,000)	\$ 280,401	\$ 424,472

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. 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.

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

		Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
	\$	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2022	\$	-	\$ 6,268	\$ 6,268	\$ -
2023	\$	-	\$ 11,155	\$ 11,155	\$ -

Surety Bond

The School District purchased a surety bond to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 25,000

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NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2023:

Nonspendable				
Inventories	\$	184,997		
Prepaid Assets		16,070	\$	201,067
Restricted				
Continuation of Federal Programs	\$	4,007,510		
Capital Projects		25,218,545		
Debt Service		8,665,429		37,891,484
Assigned				
School Activity Accounts	\$	1,915,396		
Local Capital Outlay Projects		1,500,000		
Other - Battlefield		1,971		3,417,367
Unassigned				8,195,149
Fund Balance, June 30, 2023	\$			<u>49,705,067</u>

When multiple categories of fund balance are available for an expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

NOTE 10: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2023, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2023 (2)	Funding Available From State (1)
College and Career Academy Project	\$ 3,386,138	\$ 27,162,922	\$ -
LFO High Theater Project	9,793,597	10,523,901	171,208
	\$ 13,179,735	\$ 37,686,823	\$ 171,208

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include contracts and retainages payable at year end

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$2,712,217 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2023, the School District reported a liability of \$69,951,720 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.

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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 during the fiscal year ended June 30, 2022. At June 30, 2022, the School District's proportion was 0.706356%, which was an increase of 0.011432% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of (\$3,803,879). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,792,165	\$ 27,493,144
Changes of assumptions	10,653,790	14,147,832
Net difference between projected and actual earnings on OPEB plan investments	426,686	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,834,935	1,032,510
School District contributions subsequent to the measurement date	2,712,217	-
Total	\$ 18,419,793	\$ 42,673,486

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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 Ended June 30:	OPEB
2024	\$ (8,016,028)
2025	\$ (6,107,989)
2026	\$ (4,622,815)
2027	\$ (5,419,840)
2028	\$ (2,541,830)
Thereafter	\$ (257,408)

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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:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected 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

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

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

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Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 104% for males and 99% for females) with the MP-2019 Project 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 ending June 30, 2018, with the exception of the assumed annual rate of inflation with changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 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 employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	2.00%
Equities	70.00%	9.40%
Total	100.00%	

* Net of inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, 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

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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 discount rate:

	1% Decrease (2.57%)		Current Discount Rate (3.57%)		1% Increase (4.57%)
School District's proportionate share of the Net OPEB liability	\$ 79,123,794	\$	69,951,720	\$	62,177,984

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease		Current Healthcare Cost Trend Rate		1% Increase
School District's proportionate share of the Net OPEB liability	\$ 60,271,769	\$	69,951,720	\$	81,848,339

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

NOTE 13: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia, as further explained below.

Teachers Retirement System of Georgia (TRS)

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

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An

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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, of which 19.94% of payroll was required from the School District and 0.04% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$14,339,999 and \$25,476 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$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.

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Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$285,239.

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 of \$162,800,959 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$	162,800,959
State of Georgia's proportionate share of the net pension liability associated with the School District		288,675
Total	\$	163,089,634

The net pension liability for TRS 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 TRS proportion was 0.501359%, which was a decrease of 0.007714% from its proportion measured as of June 30, 2021.

At June 30, 2023, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$2,095,683.

The PSERS 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.

For the year ended June 30, 2023, the School District recognized pension expense of \$23,716,752 for TRS and \$526,644 for PSERS and revenue of \$39,679 for TRS and \$526,644 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,757,908	\$ 847,417
Changes of assumptions	24,506,739	-
Net difference between projected and actual earnings on pension plan investments	31,985,757	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,091,868	1,141,716
School District contributions subsequent to the measurement date	14,339,999	-
 Total	 \$ 78,682,271	 \$ 1,989,133

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 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 Ended June 30:	TRS
2024	\$ 16,943,266
2025	\$ 12,915,384
2026	\$ 9,379,957
2027	\$ 23,114,532

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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:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00% – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

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

Public School Employees Retirement System:

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

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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:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
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.

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

<u>Asset Class</u>	<u>TRS/ERS/PSERS Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
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%
Alternative	5.00%	10.50%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' fiduciary net position were projected to be

CATOOSA COUNTY BOARD OF EDUCATION
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available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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:

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 245,612,731	\$ 162,800,959	\$ 95,174,192

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at www.trsga.com/publications and <http://www.ers.ga.gov/financials>.

Defined Contribution Plan

On July 1 2006, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected Lincoln Financial Group as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 3% of the employee's base pay.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Catoosa County Board of Education. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

Fiscal Year	Percentage Contributed	Required Contribution
2023	100%	\$ 159,688
2022	100%	\$ 139,987
2021	100%	\$ 146,519

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NOTE 14: TAX ABATEMENTS

Catoosa County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Catoosa County.

For the fiscal year ended June 30, 2023, Catoosa County abated property taxes due to the School District that were levied on August 31, 2022 and due on December 20, 2022 totaling \$127,893. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement to Shaw Industries Project LVT for continued investment in operations and local employment. The abatement amounted to \$66,083.
- A property tax abatement to Shaw Industries Project LVT (2) 2017 Expansion Project for continued investment in operations and local employment. The abatement amounted to \$39,386.

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CATOOSA COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.501359%	\$ 162,800,959	\$ 288,675	\$ 163,089,634	\$ 67,919,071	239.70%	72.85%
2022	0.509073%	\$ 45,024,111	\$ 81,456	\$ 45,105,567	\$ 66,376,347	67.83%	92.03%
2021	0.499710%	\$ 121,049,321	\$ 220,922	\$ 121,270,243	\$ 64,552,736	187.52%	77.01%
2020	0.499544%	\$ 107,415,468	\$ 203,201	\$ 107,618,669	\$ 61,087,120	175.84%	78.56%
2019	0.500762%	\$ 92,952,154	\$ 177,268	\$ 93,129,422	\$ 59,773,765	155.51%	80.27%
2018	0.504993%	\$ 93,854,504	\$ 177,490	\$ 94,031,994	\$ 58,135,486	161.44%	79.33%
2017	0.511997%	\$ 105,630,690	\$ 194,964	\$ 105,825,654	\$ 56,273,693	187.71%	76.06%
2016	0.519443%	\$ 79,080,039	\$ 146,607	\$ 79,226,646	\$ 54,931,930	143.96%	81.44%
2015	0.528899%	\$ 66,819,412	\$ 125,073	\$ 66,944,485	\$ 54,125,004	123.45%	84.03%

CATOOSA COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2023	\$ 14,339,999	\$ 14,339,999	\$ -	\$ 71,901,096	19.94%
2022	\$ 13,430,979	\$ 13,430,979	\$ -	\$ 67,919,071	19.77%
2021	\$ 12,628,503	\$ 12,628,503	\$ -	\$ 66,376,347	19.03%
2020	\$ 13,621,593	\$ 13,621,593	\$ -	\$ 64,552,736	21.10%
2019	\$ 12,743,116	\$ 12,743,116	\$ -	\$ 61,087,120	20.86%
2018	\$ 10,028,866	\$ 10,028,866	\$ -	\$ 59,773,765	16.78%
2017	\$ 8,280,396	\$ 8,280,396	\$ -	\$ 58,135,486	14.24%
2016	\$ 8,015,839	\$ 8,015,839	\$ -	\$ 56,276,693	14.24%
2015	\$ 7,210,177	\$ 7,210,177	\$ -	\$ 54,931,930	13.13%
2014	\$ 6,645,843	\$ 6,645,843	\$ -	\$ 54,125,004	12.28%

CATOOSA COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.00%	\$ -	\$ 2,095,683	\$ 2,095,683	\$ 3,001,342	N/A	81.21%
2022	0.00%	\$ -	\$ 228,062	\$ 228,062	\$ 2,888,997	N/A	98.00%
2021	0.00%	\$ -	\$ 1,564,792	\$ 1,564,792	\$ 2,742,028	N/A	84.45%
2020	0.00%	\$ -	\$ 1,412,511	\$ 1,412,511	\$ 2,566,076	N/A	85.02%
2019	0.00%	\$ -	\$ 1,378,944	\$ 1,378,944	\$ 2,409,737	N/A	85.26%
2018	0.00%	\$ -	\$ 1,184,443	\$ 1,184,443	\$ 2,181,359	N/A	85.69%
2017	0.00%	\$ -	\$ 1,643,699	\$ 1,643,699	\$ 2,231,706	N/A	81.00%
2016	0.00%	\$ -	\$ 1,061,104	\$ 1,061,104	\$ 2,160,106	N/A	87.00%
2015	0.00%	\$ -	\$ 958,505	\$ 958,505	\$ 2,125,207	N/A	88.29%

CATOOSA COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 SCHOOL OPEB FUND

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.706356%	\$ 69,951,720	\$ -	\$ 69,951,720	\$ 38,459,710	181.88%	6.17%
2022	0.694924%	\$ 75,266,018	\$ -	\$ 75,266,018	\$ 36,864,048	204.17%	6.14%
2021	0.690786%	\$ 101,460,376	\$ -	\$ 101,460,376	\$ 34,715,953	292.26%	3.99%
2020	0.700614%	\$ 85,980,370	\$ -	\$ 85,980,370	\$ 30,026,520	286.35%	4.63%
2019	0.070102%	\$ 89,097,491	\$ -	\$ 89,097,491	\$ 30,011,938	296.87%	2.93%
2018	0.701443%	\$ 98,552,459	\$ -	\$ 98,552,459	\$ 29,213,712	337.35%	1.61%

CATOOSA COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SCHOOL OPEB FUND

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2023	\$ 2,712,217	\$ 2,712,217	\$ -	\$ 40,251,430	6.74%
2022	\$ 2,554,007	\$ 2,554,007	\$ -	\$ 38,459,710	6.64%
2021	\$ 2,585,000	\$ 2,585,000	\$ -	\$ 36,864,048	7.01%
2020	\$ 2,336,078	\$ 2,336,078	\$ -	\$ 34,715,953	6.73%
2019	\$ 3,773,293	\$ 3,773,293	\$ -	\$ 30,026,520	12.57%
2018	\$ 3,633,316	\$ 3,633,316	\$ -	\$ 30,011,398	12.11%
2017	\$ 3,657,379	\$ 3,657,379	\$ -	\$ 29,213,712	12.52%

Teachers Retirement System

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.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Public School Employees Retirement System

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

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 assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of 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, 2020 valuation: Decremental assumptions were changed to reflect the Employees' Retirement System's 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 System's 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% as of June 30, 2019, and to 2.22% as of June 30, 2020.

CATOOSA COUNTY BOARD OF EDUCATION
GENERAL FUND

SCHEDULE "7"

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 33,258,280	\$ 33,258,280	\$ 33,251,535	\$ (6,745)
Sales Taxes	1,200,000	1,200,000	752,879	(447,121)
State Funds	76,854,181	80,819,286	80,404,723	(414,563)
Federal Funds	16,197,442	17,463,830	15,691,608	(1,772,222)
Charges for Services	2,027,988	2,027,988	3,135,206	1,107,218
Investment Earnings	103,278	103,278	281,770	178,492
Miscellaneous	745,000	1,827,591	4,744,158	2,916,567
Total Revenues	<u>130,386,169</u>	<u>136,700,253</u>	<u>138,261,879</u>	<u>1,561,626</u>
EXPENDITURES				
Current				
Instruction	87,562,340	95,163,538	93,760,302	1,403,236
Support Services				
Pupil Services	5,962,454	8,783,736	8,691,342	92,394
Improvement of Instructional Services	4,717,262	6,011,045	5,861,379	149,666
Educational Media Services	1,644,062	1,705,943	1,959,540	(253,597)
General Administration	1,319,002	1,372,742	1,882,882	(510,140)
School Administration	8,539,855	8,884,212	9,052,943	(168,731)
Business Administration	969,693	986,917	957,564	29,353
Maintenance and Operation of Plant	9,150,223	9,879,470	10,301,245	(421,775)
Student Transportation Services	5,979,992	7,443,752	6,723,765	719,987
Central Support Services	1,105,453	1,135,071	739,206	395,865
Other Support Services	269,800	291,330	1,220,063	(928,733)
Community Services	362,052	364,205	664,604	(300,399)
Food Services Operation	7,179,112	7,252,245	6,300,433	951,812
Debt Service	-	-	15,066	(15,066)
Total Expenditures	<u>134,761,300</u>	<u>149,274,206</u>	<u>148,130,334</u>	<u>1,143,872</u>
Excess of Revenues over (under) Expenditures	<u>(4,375,131)</u>	<u>(12,573,953)</u>	<u>(9,868,455)</u>	<u>2,705,498</u>
OTHER FINANCING SOURCES(USES)				
Other Sources	383,905	383,905	-	(383,905)
Other Uses	(441,573)	(441,753)	(4,182)	437,571
Total Other Financing Sources (Uses)	<u>(57,668)</u>	<u>(57,848)</u>	<u>(4,182)</u>	<u>53,666</u>
Net Change in Fund Balances	(4,432,799)	(12,631,801)	(9,872,637)	2,759,164
Fund Balances - Beginning	<u>26,442,357</u>	<u>25,691,936</u>	<u>25,693,730</u>	<u>1,794</u>
Fund Balances - Ending	<u>\$ 22,009,558</u>	<u>\$ 13,060,135</u>	<u>\$ 15,821,093</u>	<u>\$ 2,760,958</u>

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.

The actual revenues and expenditures of the various principal accounts are \$4,478,974 and \$4,338,279 respectively.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

CATOOSA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	235GA324N1199	\$ 1,018,652
National School Lunch Program	10.555	235GA324N1199	4,664,450
COVID-19 - National School Lunch Program	10.555	235GA324N1099	303,549
Total Child Nutrition Cluster			<u>5,986,651</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	202321I500345	23,241
State Administrative Expenses for Child Nutrition	10.560	235GA904N2533	26,416
Total Other Programs			<u>49,657</u>
Total U.S. Department of Agriculture			<u>6,036,308</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C200049	208,846
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	971,033
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	4,169,914
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	31,208
Total Education Stabilization Fund			<u>5,381,001</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A210073	680,430
Grants to States	84.027A	H027A220073	1,982,187
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	4,280
Preschool Grants	84.173A	H173A210081	15,884
Preschool Grants	84.173A	H173A220081	50,614
Total Special Education Cluster			<u>2,733,395</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A220010	108,395
Education for Homeless Children and Youth	84.196A	S196A220011	55,583
English Language Acquisition State Grants	84.365A	S365A210010	104
English Language Acquisition State Grants	84.365A	S365A220010	24,921
Student Support and Academic Enrichment Program	84.424A	S424A210011	39,170
Student Support and Academic Enrichment Program	84.424A	S424A220011	178,780
Supporting Effective Instruction State Grants	84.367A	S367A210001	58,162
Supporting Effective Instruction State Grants	84.367A	S367A220001	311,679
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	205,266
Title I Grants to Local Educational Agencies	84.010A	S010A220010	2,037,368
Total Other Programs			<u>3,019,428</u>
Total U. S. Department of Education			<u>11,133,824</u>

CATOOSA COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of Child Care and Development Fund Cluster Pass-Through From Bright From the Start Georgia Department of Early Care and Learning Child Care and Development Black Grant	93.575	2300GACCC5	65,046
Defense, U. S. Department of Direct Department of the Air Force R.O.T.C. Program	12.UNKNOWN		169,460
Total Expenditures of Federal Awards			\$ 17,404,638

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Catoosa County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2023. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CATOOSA COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2023

SCHEDULE "9"

<u>AGENCY/FUNDING</u>	GOVERNMENTAL FUND TYPE
GRANTS	GENERAL FUND
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 1,376,680
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	2,916,377
Kindergarten Program - Early Intervention Program	985,698
Primary Grades (1-3) Program	6,556,020
Primary Grades - Early Intervention (1-3) Program	3,367,256
Upper Elementary Grades (4-5) Program	3,270,390
Upper Elementary Grades - Early Intervention (4-5) Program	1,965,471
Middle School (6-8) Program	6,932,400
High School General Education (9-12) Program	6,450,046
Vocational Laboratory (9-12) Program	2,733,678
Students with Disabilities	14,918,128
Gifted Student - Category VI	4,091,247
Remedial Education Program	1,227,511
Alternative Education Program	534,444
English Speakers of Other Languages (ESOL)	275,123
Media Center Program	1,324,992
20 Days Additional Instruction	392,523
Staff and Professional Development	249,741
Principal Staff and Professional Development	4,861
Indirect Cost	
Central Administration	1,807,814
School Administration	2,864,849
Facility Maintenance and Operations	2,632,830
Mid-term Adjustment Hold-Harmless	213,542
Amended Formula Adjustment	2,928,630
Charter System Adjustment	1,112,303
Categorical Grants	
Pupil Transportation	
Regular	966,596
Nursing Services	230,224
Education Equalization Funding Grant	7,016,086
Other State Programs	
Food Services	156,450
Hygiene Products	8,651
Math and Science Supplements	40,737
Preschool Disability Services	231,229
Teachers Retirement	25,476
Tuition for Multiple Disabilities	117,265
Vocational Education	165,549
Vocational Supervisors	28,667
Office of the State Treasurer	
Public School Employees Retirement	285,239
	\$ 80,404,723

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CATOOSA COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
ESPLOST V			
(1) Acquiring safety and security materials and devices in the attempt to secure the safety of students, employees and property;	\$ 5,514,000	\$ 3,050,651	July 2024
(2) Acquiring or purchasing of motor vehicles, buses, vans, or other transportation apparatus;	3,520,000	3,500,000	July 2024
(3) Acquiring, adding-on, constructing, installing, painting, refurbishing and replacing existing buildings, classrooms, ceilings, flooring, walls, hallways, roofs, lunchrooms, media centers, gyms, sporting fields and complexes, playground equipment, and parking lots;	47,666,000	30,860,080	July 2024
(4) Acquiring, replacing and/or refreshing instructional and technological materials and devices, including but not limited to textbooks and student learning and response devices;	10,400,000	10,500,000	July 2024
(5) Acquiring land and buildings for schools, school campuses, maintenance facilities, training, and sports facilities;	2,000,000	1,776,223	July 2024
(6) Acquiring, constructing or improving covers, bleachers, tracks, sports fields and courts, facilities which will be jointly used for instructional sports and physical education, accessory buildings, and other energy-efficient or weather-protective structures; and	7,000,000	13,904,184	July 2024
(7) Purchasing and replacing furniture, kitchen equipment and machines, sinks, lab equipment, cabinetry, electronic systems, and other educationally related personalty.	<u>2,900,000</u>	<u>250,000</u>	July 2024
Subtotal ESPLOST V	<u>79,000,000</u>	<u>63,841,138</u>	

ESPLOST VI

(1) Construction of a new Catoosa College and Career Academy; construction of a new Lakeview-Fort Oglethorpe High School theatre and band building, including a performance theatre, stage, auditorium, and art classroom; additions and improvements to Boynton Elementary School; other building improvements and property acquisitions at the three above-mentioned projects and other School District properties and schools including acquiring land and buildings and construction of buildings for schools, school campuses, maintenance facilities, training, and sports fields and facilities, including necessary demolition, acquiring, constructing and installing, erecting, lighting, paving, signage, fencing, grading, clearing, dozing, or otherwise improvements of real property by new interior and new exterior construction at new and existing school premises or structures operated by the School District;	69,000,000	69,000,000	July 2027
(2) Adding-on, constructing, installing, painting, refurbishing and replacing existing buildings, classrooms, ceilings, flooring, walls, hallways, roofs, lunchrooms, media centers, elevators, loading areas, stages, specialty rooms, windows, restrooms, gyms, sporting fields and complexes, playground equipment, parking lots, sidewalks, water and sewage systems and components, HVAC systems and components, piping and ductwork, acquiring tools, machines and heavy equipment, as well as apparatus for the purpose of installing, repairing, refurbishing or manufacturing capital improvements funded from this and prior capital expenditures;	1,000,000	1,000,000	July 2027
(3) Repairing, refurbishing, remodeling or renovating existing schools, structures and properties owned or operated by the School District;	1,000,000	1,000,000	July 2027

CATOOSA COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

<u>PROJECT</u>	<u>AMOUNT EXPENDED IN CURRENT YEAR (3) (4)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3) (4)</u>	<u>TOTAL COMPLETION COST</u>	<u>EXCESS PROCEEDS NOT EXPENDED</u>
ESPLOST V				
(1) Acquiring safety and security materials and devices in the attempt to secure the safety of students, employees and property;	\$ 50,236	\$ 2,516,917	-	-
(2) Acquiring or purchasing of motor vehicles, buses, vans, or other transportation apparatus;	1,618,594	1,217,253	-	-
(3) Acquiring, adding-on, constructing, installing, painting, refurbishing and replacing existing buildings, classrooms, ceilings, flooring, walls, hallways, roofs, lunchrooms, media centers, gyms, sporting fields and complexes, playground equipment, and parking lots;	875,092	27,422,107	-	-
(4) Acquiring, replacing and/or refreshing instructional and technological materials and devices, including but not limited to textbooks and student learning and response devices;	-	10,027,282	-	-
(5) Acquiring land and buildings for schools, school campuses, maintenance facilities, training, and sports facilities;	795,973	84,074	-	-
(6) Acquiring, constructing or improving covers, bleachers, tracks, sports fields and courts, facilities which will be jointly used for instructional sports and physical education, accessory buildings, and other energy-efficient or weather-protective structures; and	551,098	11,016,110	-	-
(7) Purchasing and replacing furniture, kitchen equipment and machines, sinks, lab equipment, cabinetry, electronic systems, and other educationally related personalty.	10,135	235,524	-	-
Subtotal ESPLOST V	<u>3,901,128</u>	<u>52,519,267</u>	<u>-</u>	<u>-</u>

ESPLOST VI

(1) Construction of a new Catoosa College and Career Academy; construction of a new Lakeview-Fort Oglethorpe High School theatre and band building, including a performance theatre, stage, auditorium, and art classroom; additions and improvements to Boynton Elementary School; other building improvements and property acquisitions at the three above-mentioned projects and other School District properties and schools including acquiring land and buildings and construction of buildings for schools, school campuses, maintenance facilities, training, and sports fields and facilities, including necessary demolition, acquiring, constructing and installing, erecting, lighting, paving, signage, fencing, grading, clearing, dozing, or otherwise improvements of real property by new interior and new exterior construction at new and existing school premises or structures operated by the School District;	29,754,277	6,497,731	-	-
(2) Adding-on, constructing, installing, painting, refurbishing and replacing existing buildings, classrooms, ceilings, flooring, walls, hallways, roofs, lunchrooms, media centers, elevators, loading areas, stages, specialty rooms, windows, restrooms, gyms, sporting fields and complexes, playground equipment, parking lots, sidewalks, water and sewage systems and components, HVAC systems and components, piping and ductwork, acquiring tools, machines and heavy equipment, as well as apparatus for the purpose of installing, repairing, refurbishing or manufacturing capital improvements funded from this and prior capital expenditures;	-	-	-	-
(3) Repairing, refurbishing, remodeling or renovating existing schools, structures and properties owned or operated by the School District;	-	-	-	-

CATOOSA COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
(4) Technology and instruction equipment, including acquiring, replacing and/or refreshing instructional and technological materials and devices, including but not limited to textbooks, student learning and student response devices, smartboards, scanners, projector/projection devices, e-books, chromebooks, electronic pads, I-pads, printers, screens, teaching devices and systems, wired and wireless electronic devices, internet books, charging stations or carts, software and licenses, desktop computers, laptop and tablet computers, intercoms, phones systems, servers, fiber-optics, wireless access points, networks, speakers, amplifiers, special education devices, ear pieces, musical instruments, as well as component or non-component infrastructure or accessories reasonable or necessary to accommodate the use of such materials and devices;	450,000	450,000	July 2027
(5) Acquiring safety, security and physical educational materials and devices to secure the safety and health of students, employees, and property, including locks, still and video cameras, alarms, door jamb security devices, door replacements, security doors, sprinklers, sensors, re-keying of locks, and medically-related devices or items; acquiring or purchasing of motor vehicles, busses, vans, or other transportation apparatus, as well as equipment to enhance, improve or repair such apparatus; purchasing and replacing furniture, kitchen equipment and machines, sinks, lab equipment, cabinetry, electronic equipment or communication devices, electronic systems, and other educationally-related or construction-related personalty; and	1,000,000	1,000,000	July 2027
(6) Acquiring, constructing or improving covers, bleachers, tracks, sports fields and courts, facilities which will be jointly used for instructional sports and physical education, and accessory buildings, drive-under canopies for all purposes and other energy-efficient or weather-protective structures or improvements to install or store instructional materials, instructional machines or devices, construction tools, construction machinery, or other sporting personalty.	<u>6,550,000</u>	<u>5,000,000</u>	July 2027
Subtotal ESPLOST VI	<u>79,000,000</u>	<u>77,450,000</u>	
Total	<u>\$ 158,000,000</u>	<u>\$ 141,291,138</u>	

CATOOSA COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
(4) Technology and instruction equipment, including acquiring, replacing and/or refreshing instructional and technological materials and devices, including but not limited to textbooks, student learning and student response devices, smartboards, scanners, projector/projection devices, e-books, chromebooks, electronic pads, I-pads, printers, screens, teaching devices and systems, wired and wireless electronic devices, internet books, charging stations or carts, software and licenses, desktop computers, laptop and tablet computers, intercoms, phones systems, servers, fiber-optics, wireless access points, networks, speakers, amplifiers, special education devices, ear pieces, musical instruments, as well as component or non-component infrastructure or accessories reasonable or necessary to accommodate the use of such materials and devices;	309,077	-	-	-
(5) Acquiring safety, security and physical educational materials and devices to secure the safety and health of students, employees, and property, including locks, still and video cameras, alarms, door jamb security devices, door replacements, security doors, sprinklers, sensors, re-keying of locks, and medically-related devices or items; acquiring or purchasing of motor vehicles, busses, vans, or other transportation apparatus, as well as equipment to enhance, improve or repair such apparatus; purchasing and replacing furniture, kitchen equipment and machines, sinks, lab equipment, cabinetry, electronic equipment or communication devices, electronic systems, and other educationally-related or construction-related personalty; and	-	-	-	-
(6) Acquiring, constructing or improving covers, bleachers, tracks, sports fields and courts, facilities which will be jointly used for instructional sports and physical education, and accessory buildings, drive-under canopies for all purposes and other energy-efficient or weather-protective structures or improvements to install or store instructional materials, instructional machines or devices, construction tools, construction machinery, or other sporting personalty.	285,274	30,351	-	-
Subtotal ESPLOST VI	<u>30,348,628</u>	<u>6,528,082</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 34,249,756</u>	<u>\$ 59,047,349</u>	<u>\$ -</u>	<u>\$ -</u>

- (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 projects. Includes all cost from project inception to completion.
 (3) The voters of Catoosa 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) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

	ESPLOST V	ESPLOST VI	Total
Prior Years	\$ 7,851,722	\$ 1,155,000	\$ 9,006,722
Current Year	<u>220,500</u>	<u>2,100,000</u>	<u>2,320,500</u>
Total	<u>\$ 8,072,222</u>	<u>\$ 3,255,000</u>	<u>\$ 11,327,222</u>

Section II

Compliance and Internal Control Reports



**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**

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Chance Nix, Superintendent and Members of the
Catoosa County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Catoosa County Board of Education (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 25, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 basic 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 School District'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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

March 25, 2024



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Chance Nix, Superintendent and Members of the
Catoosa County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Catoosa County Board of Education's (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 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 (GAAS); 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 GAAS, *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 GAAS, *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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

March 25, 2024

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

CATOOSA COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV

Findings and Questioned Costs

CATOOSA COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2023

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Governmental Activities, Each Major Fund, and Fiduciary Activities	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported

Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
10.553, 10.555	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.