

**CITY OF DECATUR
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2022**

**CITY OF DECATUR BOARD OF EDUCATION
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I. FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Decatur Board of Education** (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We have 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 14 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, as of July 1, 2021. This standard significantly changed the accounting for the District's leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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, the Schedule of Proportionate Share of the Net Pension Liability - TRS, the Schedule of Contributions - TRS, the Schedule of Proportionate Share of the Net Pension Liability - PSERS, the Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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 Districts’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the accompanying schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121 and the schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditure of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the continuing disclosure section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 27, 2023

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The discussion and analysis of the City of Decatur Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the complete financial statements, with footnotes, to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Total net position increased from approximately \$54.1 million in 2021 to approximately \$59.4 million in 2022, an increase of approximately \$5.3 million.
- Total revenues increased from \$85.7 million in fiscal year 2021 to approximately \$98.5 million in fiscal year 2022, an increase of \$12.8 million.
- Total expenses decreased from \$102.2 million in fiscal year 2021 to approximately \$93.2 million in fiscal year 2022, a decrease of approximately \$9 million.
- Among the major funds, the General Fund has approximately \$83.5 million in revenues and \$81.75 million in expenditures and \$422 thousand in transfers out for 2022. Fund balance for the General Fund increased by \$1,347,305 to \$11,980,364.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information related to the District's pension plan and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the District's assets, liabilities, deferred outflows of resources, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In contrast, fund balance reports only those assets, deferred inflows of resources, and liabilities that primarily have an impact on short-term financing decisions. Fund balance (specifically, unassigned fund balance) is a measure of available financial resources. Net position reports all assets, all liabilities, and certain deferred outflow and inflows of resources regardless of their relevance to near-term financing decisions. Net position should be understood as a measure of net worth rather than a measure of available financial resources.

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Governmental Funds

Most of the District's activities (instruction, administration, maintenance, and student transportation) are reported in governmental funds, which focus on how money flows in and out of those funds and balances left at fiscal year-end are available for spending in future periods. The governmental fund statements provide a detailed short-term view of the 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 governmental fund activities may be financed with property taxes, Quality Basic Education (QBE) State formula aid, and federal funds.

FINANCIAL ANALYSIS FO THE SCHOOL SYSTEM AS A WHOLE

Provided below is a Statement of Net Position for 2022 and 2021 as well as a Statement of Activities for 2022 and 2021. These statements reflect a net position for fiscal 2022 of approximately \$59.35 million, which represents an increase over fiscal year 2021 in the amount of approximately \$5.3 million.

Statement of Net Position (Accrual basis of accounting)

	Governmental Activities 2022	Governmental Activities 2021 (Restated)	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Assets				
Current and other assets	\$ 53,303,698	\$ 54,727,078	\$ (1,423,380)	(2.60) %
Capital assets, net	166,688,333	165,574,955	1,113,378	0.67
Total Assets	<u>219,992,031</u>	<u>220,302,033</u>	<u>(310,002)</u>	<u>(0.14)</u>
Deferred outflow of resources				
Pension related items	32,850,012	27,549,390	5,300,622	19.24 %
OPEB related items	14,742,735	15,826,388	(1,083,653)	(6.85)
Deferred loss on debt refunding	185,584	201,049	(15,465)	0.00
	<u>47,778,331</u>	<u>43,576,827</u>	<u>4,201,504</u>	<u>9.64</u>
Liabilities				
Current and other liabilities	12,749,744	14,872,393	(2,122,649)	(14.27)
Long-Term liabilities	29,057,205	30,554,263	(1,497,058)	(4.90)
Net Pension Liability	31,742,046	77,641,762	(45,899,716)	(59.12)
Net OPEB Liability	43,859,435	57,145,909	(13,286,474)	0.00
Total Liabilities	<u>117,408,430</u>	<u>180,214,327</u>	<u>(62,805,897)</u>	<u>(34.85)</u>
Deferred inflow of resources				%
Pension related items	46,430,073	4,661	46,425,412	996,039.73
OPEB related items	23,674,528	11,323,316	12,351,212	109.08
Unearned revenue - property taxes	20,906,978	18,278,761	2,628,217	14.38
	<u>91,011,579</u>	<u>29,606,738</u>	<u>61,404,841</u>	<u>207.40</u>
Net position (deficit)				
Net investment in capital assets	138,376,114	132,937,729	5,438,385	4.09
Restricted	8,912,984	12,294,412	(3,381,428)	(27.50)
Unrestricted (deficit)	(87,938,745)	(91,174,346)	3,235,601	(3.55)
Total Net Position (deficit)	<u>\$ 59,350,353</u>	<u>\$ 54,057,795</u>	<u>\$ 5,292,558</u>	<u>9.79 %</u>

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Activities (Accrual basis of accounting)

	Governmental Activities 2022	Governmental Activities 2021 (Restated)	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Program Revenues				
Charges for Services	\$ 2,769,390	\$ 1,442,198	\$ 1,327,192	92.03 %
Operating Grants and Contributions	39,489,546	39,377,272	112,274	0.29
	<u>42,258,936</u>	<u>40,819,470</u>	<u>1,439,466</u>	<u>3.53</u>
General Revenues				
Property Taxes	45,425,189	38,448,303	6,976,886	18.15
Special Local Option Sales Taxes	6,742,954	5,922,311	820,643	13.86
Interest on Investments	33,087	13,747	19,340	140.69
Other	4,017,167	508,777	3,508,390	689.57
	<u>56,218,397</u>	<u>44,893,138</u>	<u>11,325,259</u>	<u>25.23</u>
Total Revenues	<u>98,477,333</u>	<u>85,712,608</u>	<u>12,764,725</u>	<u>14.89</u>
Program Expenses				
Instruction	60,574,931	66,031,921	(5,456,990)	(8.26)
Support Services				
Pupil Services	4,961,865	5,475,807	(513,942)	(9.39)
Improvement of Instruction	2,492,300	2,186,318	305,982	14.00
Educational and Media Services	1,378,347	1,563,232	(184,885)	(11.83)
Grant Administration	160,699	95,754	64,945	67.82
General Administration	1,324,245	2,397,429	(1,073,184)	(44.76)
School Administration	6,310,786	6,886,592	(575,806)	(8.36)
Business Administration	681,859	721,757	(39,898)	(5.53)
Maintenance and Operation	7,258,634	7,346,519	(87,885)	(1.20)
Student Transportation	1,652,006	2,162,146	(510,140)	(23.59)
Central Support Services	2,240,149	3,000,382	(760,233)	(25.34)
Other Support Services	61,077	15,372	45,705	297.33
Food Services	3,098,480	2,842,210	256,270	9.02
Community Services Operations	(374)	673	(1,047)	(155.57)
Interest on long-term debt	989,771	1,502,136	(512,365)	(34.11)
Total Expenses	<u>93,184,775</u>	<u>102,228,248</u>	<u>(9,043,473)</u>	<u>(8.85)</u>
Change in Net Position	5,292,558	(16,515,640)	21,808,198	100.00
Net Position (deficit) - Beginning of Year, Restated	54,057,795	70,573,435	(16,515,640)	(23.40)
Net Position - End of Year	<u>\$ 59,350,353</u>	<u>\$ 54,057,795</u>	<u>\$ 5,292,558</u>	<u>9.79 %</u>

Governmental Activities

The net cost of governmental activities reports the total and net cost of major District activities: instruction, pupil and improvement of instructional services, school and administrative services, maintenance and operations, transportation, and others.

Net cost of services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost shows the financial burden on the District's taxpayers by each activity. The total cost of governmental services in fiscal year 2021 was approximately \$93.2 million. Users of the District's programs financed approximately \$2.8 million of the costs. Federal and state grants, subsidized programs and contributions financed \$39.5 million of the cost. Property taxes and sales taxes financed approximately \$45.4 million and \$6.7 million, respectively, of the District's costs for fiscal year 2022. Revenues exceeded expenses by \$5.3 million.

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Revenues

For fiscal year 2022, the District's total revenues increased 14.89% or approximately \$12.8 million. Property tax revenues increased \$7 million, or 18.15%, primarily from increases in assessed property values. Special Local Option Sales Taxes increased \$821 thousand, or 13.86%, as the local retail economy continues to improve. Charges for services experienced a sharp increase from the prior year (\$1.32 million) as the COVID pandemic significantly impacted these sources of revenue in fiscal 2021. Other revenues increased \$3.5 million, or 689% as school activity revenue was significantly curtailed by the pandemic in the prior year.

Expenses

The District's total expenses decreased approximately \$9 million from \$102.2 million in 2021 to \$93.2 million in 2022, or 8.85%. Instruction expenses decreased \$5.5 million or 8.2% primarily from pension valuation decreases. Pupil services decreased \$513 thousand or 9.39% thousand primarily from pension valuation decreases. School administration decreased \$576 thousand primarily from pension valuation decreases. General administration decreased \$1.07 million or 44.8% as these expenses were allocated to other categories. Student transportation expenses decreased \$510 as the prior year reflected a \$265 thousand loss on disposal of assets along with pension valuation decreases in 2022. Central support services decreased \$760 thousand or 25.3% as these expenses were allocated to other categories along with pension valuation decreases in 2022. Food Service expenses increased \$256 thousand or 9% and is comprised increases in services as the pandemic subsided offset by decreases in pension valuation.

COMPARISON OF FUND LEVEL FINANCIAL STATEMENTS

The District ended fiscal year 2022 with a strong fund balance in its governmental funds. The combined fund balance of all governmental funds including the District-wide Capital Projects Fund is approximately \$20.9 million. The ending fund balance represents approximately 21% of total expenditures. Of the governmental fund balance, approximately \$7.5 million is restricted for capital projects and \$1.4 million is restricted for school food operations and \$3.4 million is assigned to cover 2023 budgeted deficits.

Below is a comparison of combined fund level financial statements on a modified accrual basis. Total revenues have increased \$9.6 million, or 10.69%. State funds have increased slightly by \$165 thousand or .41%. Federal funds have increased \$3.5 million or 82.8% primarily from increases in pandemic related funding. Local and other funds have increased \$6 million primarily due to increases in assessed property tax values and increases in charges for services. These revenues have rebounded from the impact of the pandemic in prior years.

Total expenditures have increased \$8.1 million or 8.76%. Instruction expenditures and support service expenditures have increased \$1.7 million (3%) and \$500 thousand (1.74%), respectively, as a result of salary increases and increases in staffing. Food service expenditures increased \$787 thousand or 32.15% as prior year expenditures were significantly impacted by the pandemic. Capital outlay expenditures increased \$4.7 million or 139% primarily from technology upgrades for students and staff. Debt service expenditures increased \$462 thousand or 16.6% based on increased principal payments from various debt instruments.

Other financing sources and uses reflect refinancing of certain debt in fiscal 2021. See Note 7 in the financial statements.

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Funds
(Modified accrual basis)
2022 vs 2021**

	2022	2021	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Revenues				
State Funds	\$ 41,013,156	\$ 40,847,687	\$ 165,469	0.41 %
Federal Funds	7,593,209	4,153,537	3,439,672	82.81
Local and Other Funds	50,474,669	44,511,754	5,962,915	13.40
Total Revenues	99,081,034	89,512,978	9,568,056	10.69
Expenditures				
Instruction	57,310,749	55,641,282	1,669,467	3.00
Support Services	29,210,725	28,710,299	500,426	1.74
Food Services	3,236,752	2,449,378	787,374	32.15
Capital Outlay	8,111,318	3,387,525	4,723,793	139.45
Debt Service	3,245,496	2,783,864	461,632	16.58
Issuance Costs	-	-	-	-
Total Expenditures	101,115,040	92,972,348	8,142,692	8.76
Excess (deficiency) of revenues over (under) expenditures	\$ (2,034,006)	\$ (3,459,370)	1,425,364	(41.20) %
Other Financing Sources (Uses)				
Transfers in	496,821	756,080	(259,259)	(34.29)
Transfers Out	(496,821)	(756,080)	259,259	(34.29)
Financed purchases	-	4,167,056	(4,167,056)	-
Proceeds from certificates of participation	-	8,075,000	(8,075,000)	-
Premium on certificates of participation	-	141,597	(141,597)	-
Payment of refunded debt with lessor	-	(11,655,905)	11,655,905	-
Total Other Financing Sources (Uses)	-	727,748	(727,748)	(69)
Net Change in Fund Balance	(2,034,006)	(2,731,622)	697,616	(25.54)
Fund Balance, Beginning of Year	22,927,354	25,658,976	(2,731,622)	(10.65)
Fund Balance, End of the Year	\$ 20,893,348	\$ 22,927,354	\$ (2,034,006)	(8.87) %

General Fund

The total fund balance of the General Fund is \$12 million, which represents a decrease of \$1.3 million over the previous fiscal year's ending fund balance. Revenues increased \$7.9 million, from \$75.6 million to \$83.5 million. Property taxes increased \$3.8 million, primarily from increases in property tax revenue as assessed values have increased. Charges for services increased \$1.1 million as prior year revenues were impacted by the pandemic. State revenues increased \$2.2 million. General fund expenditures increased slightly from \$81.6 million to \$81.8 million.

District-wide Capital Projects Funds

The District uses capital projects funds to account for school construction and improvement projects. Since 1997, sales tax proceeds have become the primary funding source as a result of the approval by DeKalb County voters in March 1997 of a five-year special purpose local option sales tax (SPLOST). Collections of the tax began on July 1, 1997 and it has been renewed by the voters four subsequent times. The current SPLOST that began July 2017 is expected to generate a total of \$650,057,000 of which City Schools of Decatur could receive up to \$30,000,000 over its life. The sales tax is proportionately distributed to DeKalb, Atlanta Independent School System (within DeKalb County) and City of Decatur Board of Education based on full time equivalent (FTE) of students. The District-wide Capital Projects Fund had expenditures of approximately \$11.1 million for the fiscal year ended June 30, 2022, primarily for technology upgrades and school maintenance projects. The fund balance for this fund decreased \$4.3 million to \$7.5 million.

**CITY OF DECATUR BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

General Fund Budgetary Highlights

In developing the fiscal year 2022 budget, the Administration of the District understood and planned for the following: appropriate student/teacher ratios, adequate fund balance reserves, and expenditure controls. As a result, the budget included an increase in staff and benefits. Planning for these and other unforeseen challenges are necessary in this time of inflationary challenges. A complete analysis of the budgeted and actual results can be found on page 17 of this report.

The City of Decatur Board of Education originally budgeted for a use of fund balance of \$3 million but actually generated a surplus of \$1.3 million. Revenues were \$767 thousand better than budgeted as a result of higher than expected revenues from miscellaneous sources primarily school activity revenue. Expenditures were \$3.6 million less than budgeted, primarily as a result of unfilled positions and an overstatement of benefits in the financial system.

Capital Assets and Debt Administration

Capital Assets

Net capital assets increased from \$165.6 million in fiscal year 2021 to approximately \$166.7 million in fiscal 2022. Increases were primarily for teacher and student technology upgrades and improvements to Decatur High School. For more information on capital assets, see footnote 6.

Long-Term Debt and obligations

At the end of June 30, 2022, the District has long-term liabilities in the form of certificates of participation, City of Decatur intergovernmental payable, financed purchases, lease liabilities, net pension liability, net OPEB liability, and compensated absences. For more information on long-term debt, see footnote 7.

Factors Bearing on the District's Future

We are pleased that City Schools of Decatur continues to enjoy a strong financial position. We have seen a positive tax digest growth over the last few years and remain hopeful that it will continue. Educational funding from the State of Georgia is expected to remain at a conservatively low level, but we have had an increase in funding due to increased allocations from the state.

The District remains confident in our ability to maximize resources so that we may provide the best possible educational experience for all our students.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur Board of Education's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Decatur Board of Education, Chief Financial Officer, 125 Electric Avenue, Decatur, Georgia 30030.

BASIC FINANCIAL STATEMENTS

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities
ASSETS	
<i>Current Assets:</i>	
Cash and cash equivalents	\$ 41,655,904
Receivables:	
Intergovernmental	6,536,121
Property taxes	5,013,955
Accounts	74,106
Inventory	23,612
<i>Total Current Assets</i>	<u>53,303,698</u>
<i>Noncurrent Assets:</i>	
Capital assets, nondepreciable	16,365,498
Capital assets, depreciable, net of accumulated depreciation and amortization	150,322,835
<i>Total Noncurrent Assets</i>	<u>166,688,333</u>
Total Assets	<u>219,992,031</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	32,850,012
Deferred outflows of resources related to OPEB	14,742,735
Deferred loss on debt refunding	185,584
Total Deferred Outflows of Resources	<u>47,778,331</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 267,770,362</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts payable	\$ 4,326,790
Salaries payable	6,454,261
Contracts and retainage payables	116,771
Accrued interest payable	327,050
Financed purchases	526,238
Certificates of participation	865,000
Lease liability	31,583
Compensated absences payable	102,051
<i>Total Current Liabilities</i>	<u>12,749,744</u>
<i>Long-Term Liabilities (net of current portion):</i>	
Financed purchases	4,406,122
Certificates of participation	22,398,088
Lease liability	2,218,978
Net pension liability	31,742,046
Net OPEB liability	43,859,435
Compensated absences payable	34,017
<i>Total Long-Term Liabilities</i>	<u>104,658,686</u>
Total Liabilities	<u>117,408,430</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	46,430,073
Deferred inflows of resources related to OPEB	23,674,528
Unearned revenue - property taxes	20,906,978
Total Deferred Inflows of Resources	<u>91,011,579</u>
NET POSITION	
Net investment in capital assets	136,125,553
Restricted for:	
Capital projects	7,575,933
School food operations	1,453,822
Unrestricted	(85,804,955)
Total Net Position	<u>59,350,353</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 267,770,362</u>

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

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 60,574,931	\$ 2,519,724	\$ 30,896,263	\$ (27,158,944)
Support services:				
Pupil services	4,961,865	-	415,739	(4,546,126)
Improvement of instructional services	2,492,300	-	353,567	(2,138,733)
Educational media services	1,378,347	-	879,993	(498,354)
Grant administration	160,699	-	-	(160,699)
General administration	1,324,245	-	1,490,172	165,927
School administration	6,310,786	-	2,446,369	(3,864,417)
Business administration	681,859	-	2,659	(679,200)
Maintenance and operation of plant	7,258,634	-	1,776,093	(5,482,541)
Student transportation services	1,652,006	51,096	15,070	(1,585,840)
Central support services	2,240,149	-	20,036	(2,220,113)
Other support services	61,077	-	-	(61,077)
Food services operation	3,098,106	198,570	1,193,585	(1,705,951)
Interest on long-term debt and issuance costs	989,771	-	-	(989,771)
Total governmental activities	<u>\$ 93,184,775</u>	<u>\$ 2,769,390</u>	<u>\$ 39,489,546</u>	<u>(50,925,839)</u>
General revenues:				
Property taxes				45,425,189
Sales taxes				6,742,954
Unrestricted investment earnings				33,087
Other				4,017,167
Total general revenues				<u>56,218,397</u>
Change in net position				<u>5,292,558</u>
Net position, beginning of fiscal year, as restated				54,057,795
Net position, end of fiscal year				<u>\$ 59,350,353</u>

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

CITY OF DECATUR BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 32,878,224	\$ 7,527,327	\$ 1,250,353	\$ 41,655,904
Receivables:				
Intergovernmental	4,576,539	883,344	1,076,238	6,536,121
Property taxes, net of allowance	5,013,955	-	-	5,013,955
Accounts	74,106	-	-	74,106
Due from other funds	1,061,678	-	363,370	1,425,048
Inventory	-	-	23,612	23,612
Total assets	<u>\$ 43,604,502</u>	<u>\$ 8,410,671</u>	<u>\$ 2,713,573</u>	<u>\$ 54,728,746</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,827,674	\$ 458,132	\$ 40,984	\$ 4,326,790
Salaries payable	6,283,936	-	170,325	6,454,261
Contracts and retainage payables	-	116,771	-	116,771
Due to other funds	-	376,606	1,048,442	1,425,048
Total liabilities	<u>10,111,610</u>	<u>951,509</u>	<u>1,259,751</u>	<u>12,322,870</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	605,550	-	-	605,550
Unearned revenue - property taxes	20,906,978	-	-	20,906,978
Total deferred inflows of resources	<u>21,512,528</u>	<u>-</u>	<u>-</u>	<u>21,512,528</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	-	-	23,612	23,612
Restricted:				
Capital projects	-	7,459,162	-	7,459,162
School food operations	-	-	1,430,210	1,430,210
Assigned:				
Subsequent fiscal year's budget deficit	3,368,150	-	-	3,368,150
Unassigned	8,612,214	-	-	8,612,214
Total fund balances	<u>11,980,364</u>	<u>7,459,162</u>	<u>1,453,822</u>	<u>20,893,348</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,604,502</u>	<u>\$ 8,410,671</u>	<u>\$ 2,713,573</u>	<u>\$ 54,728,746</u>

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

CITY OF DECATUR BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2022

Total Governmental Fund Balances	\$	20,893,348
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Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds, but are reported on the government-wide statement of net position.

Cost	\$ 198,049,464	
Less accumulated depreciation and amortization	<u>(31,361,131)</u>	166,688,333

Receivables not collected within 60 days of fiscal year-end are not considered available and are deferred inflows of resources on the governmental funds' balance sheet but are recognized as revenue on the government-wide statement of net position.

Property taxes		605,550
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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.

Accrued interest payable	\$ (327,050)	
Financed purchases	(4,932,360)	
Certificates of participation (including unamortized premium)	(23,263,088)	
Lease liability	(2,250,561)	
Deferred loss on refunding debt	185,584	
Compensated absences payable	<u>(136,068)</u>	(30,723,543)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net pension liability	\$ (31,742,046)	
Deferred outflows of resources related to pensions	32,850,012	
Deferred inflows of resources related to pensions	(46,430,073)	
Net OPEB liability	(43,859,435)	
Deferred outflows of resources related to OPEB	14,742,735	
Deferred inflows of resources related to OPEB	<u>(23,674,528)</u>	<u>(98,113,335)</u>

Net Position of Governmental Activities	\$	<u><u>59,350,353</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 46,133,224	\$ -	\$ -	\$ 46,133,224
Intergovernmental revenue - state	33,193,359	6,742,954	1,076,843	41,013,156
Intergovernmental revenue - federal	-	-	7,593,209	7,593,209
Charges for services	2,633,555	-	135,835	2,769,390
Investment income	26,724	6,363	-	33,087
Other revenue	1,428,321	-	6,313	1,434,634
On behalf payments	104,334	-	-	104,334
Total revenues	<u>83,519,517</u>	<u>6,749,317</u>	<u>8,812,200</u>	<u>99,081,034</u>
EXPENDITURES				
Current:				
Instruction	51,997,290	-	5,313,458	57,310,748
Support services:				
Pupil services	5,014,332	-	211,944	5,226,276
Improvement of instructional services	2,414,344	-	178,739	2,593,083
Educational media services	1,470,528	-	-	1,470,528
Grant administration	-	-	165,860	165,860
General administration	1,246,693	-	-	1,246,693
School administration	6,654,934	-	-	6,654,934
Business administration	718,722	-	-	718,722
Maintenance and operation of plant	7,066,163	-	-	7,066,163
Student transportation services	1,589,652	-	28,799	1,618,451
Central support services	2,385,719	-	-	2,385,719
Other support services	64,297	-	-	64,297
Food services operation	844,917	-	2,391,835	3,236,752
Capital outlay	-	8,111,318	-	8,111,318
Debt service:				
Principal retirement	161,419	1,965,521	-	2,126,940
Interest and fiscal charges	121,183	997,373	-	1,118,556
Total expenditures	<u>81,750,193</u>	<u>11,074,212</u>	<u>8,290,635</u>	<u>101,115,040</u>
Excess (deficiency) of revenues over expenditures	<u>1,769,324</u>	<u>(4,324,895)</u>	<u>521,565</u>	<u>(2,034,006)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	496,821	496,821
Transfers out	(422,019)	-	(74,802)	(496,821)
Total other financing sources (uses)	<u>(422,019)</u>	<u>-</u>	<u>422,019</u>	<u>-</u>
Net change in fund balances	1,347,305	(4,324,895)	943,584	(2,034,006)
FUND BALANCE, beginning of fiscal year	<u>10,633,059</u>	<u>11,784,057</u>	<u>510,238</u>	<u>22,927,354</u>
FUND BALANCE, end of fiscal year	<u>\$ 11,980,364</u>	<u>\$ 7,459,162</u>	<u>\$ 1,453,822</u>	<u>\$ 20,893,348</u>

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

CITY OF DECATUR BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	(2,034,006)
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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 those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 6,104,480	
Depreciation and amortization expense	<u>(4,991,102)</u>	1,113,378

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(708,035)
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The issuance of long-term debt, (e.g., bonds, leases) 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 similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retirement:		
Financed purchases	\$ 901,331	
Certificates of participation	1,195,000	
Lease liability	30,609	
Amortization of premiums	45,185	
Amortization of deferred loss on refunding debt	(15,465)	
Accrued interest	<u>144,250</u>	2,300,910

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in deferred outflows and inflows of resources related to pensions and net pension liability		4,774,926
Net change in deferred outflows and inflows of resources related to OPEB and net OPEB liability		(148,391)
Change in compensated absences		<u>(6,224)</u>

Change in net position - governmental activities	\$	<u><u>5,292,558</u></u>
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CITY OF DECATUR BOARD OF EDUCATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 45,869,062	\$ 45,869,062	\$ 46,133,224	\$ 264,162
Intergovernmental revenue - state	32,084,409	33,709,138	33,193,359	(515,779)
Charges for services	2,813,650	2,813,650	2,633,555	(180,095)
Investment income	10,000	10,000	26,724	16,724
Other revenue	350,000	350,000	1,428,321	1,078,321
On behalf payments	-	-	104,334	104,334
Total revenues	<u>81,127,121</u>	<u>82,751,850</u>	<u>83,519,517</u>	<u>767,667</u>
EXPENDITURES				
Current:				
Instruction	53,109,131	53,977,573	51,997,290	1,980,283
Support services:				
Pupil services	5,037,283	5,195,300	5,014,332	180,968
Improvement of instructional services	2,412,345	2,469,459	2,414,344	55,115
Educational media services	1,514,653	1,530,569	1,470,528	60,041
General administration	1,587,771	1,547,916	1,246,693	301,223
School administration	6,150,578	6,555,458	6,654,934	(99,476)
Business administration	733,919	769,816	718,722	51,094
Maintenance and operation of plant	7,423,353	7,834,696	7,066,163	768,533
Student transportation services	1,725,632	1,773,248	1,589,652	183,596
Central support services	2,360,358	2,424,800	2,385,719	39,081
Other support services	104,619	91,333	64,297	27,036
Food services operation	923,450	921,456	844,917	76,539
Debt service - principal retirement	137,325	165,111	161,419	3,692
Debt service - interest and fiscal charges	150,165	144,865	121,183	23,682
Total expenditures	<u>83,370,582</u>	<u>85,401,600</u>	<u>81,750,193</u>	<u>3,651,407</u>
Excess (deficiency) of revenues over expenditures	<u>(2,243,461)</u>	<u>(2,649,750)</u>	<u>1,769,324</u>	<u>4,419,074</u>
OTHER FINANCING USES				
Transfers out	<u>(394,433)</u>	<u>(394,433)</u>	<u>(422,019)</u>	<u>(27,586)</u>
Total other financing uses	<u>(394,433)</u>	<u>(394,433)</u>	<u>(422,019)</u>	<u>(27,586)</u>
Net change in fund balances	<u>(2,637,894)</u>	<u>(3,044,183)</u>	<u>1,347,305</u>	<u>4,391,488</u>
FUND BALANCE, beginning of fiscal year	<u>10,633,059</u>	<u>10,633,059</u>	<u>10,633,059</u>	<u>-</u>
FUND BALANCE, end of fiscal year	<u>\$ 7,995,165</u>	<u>\$ 7,588,876</u>	<u>\$ 11,980,364</u>	<u>\$ 4,391,488</u>

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

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur Board of Education (the “District”) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District was established under the laws of the State of Georgia and operates under the guidance of a five-member school board elected by the voters and a Superintendent appointed by the School Board. The District is organized as a separate legal entity and provides public education throughout the city of Decatur, Georgia, excluding DeKalb County, Georgia.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the fiscal year ended June 30, 2022, the District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. Property taxes are recognized as revenue in the period for which they were levied if they are collected within sixty (60) days of year end. All other revenues are considered to be available when they are collectible within one hundred eighty (180) days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In the governmental fund financial statements, property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year if they meet the appropriate recognition criteria. In accordance with GASB Statement No. 33, “Accounting and Financing Reporting for Non-exchange Transactions”, the corresponding assets (receivables) in non-exchange transactions are recognized in the fiscal year in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all the eligibility requirements have been met, or when resources are received, depending on the revenue source. This is when the District gives or receives value without directly receiving or giving equal value in exchange including property taxes, local option sales taxes, intergovernmental grants and donations. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The ***District-Wide Capital Projects Fund*** accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax, intergovernmental revenue (bond proceeds) from other governments and certificates of participation. Funds are used for: building renovations; land and building acquisitions; and, construction of new educational facilities.

The nonmajor governmental funds include the following funds:

The ***School Food Services Fund*** accounts for the monies and commodities received from Federal and State governments and the School Food Service’s cafeteria sales for the purpose of maintaining the District’s breakfast, lunch, and snack programs.

The ***Lottery Programs Fund*** accounts for the Pre-K program administered by the District in which the revenues are legally restricted by external parties.

The ***Federal Programs Fund*** accounts for various Federal grant monies received by the District in which the revenues are legally restricted by external parties.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund, Special Revenue Funds, and District-wide Capital Projects Fund of the District. The governmental funds' budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and Special Revenue Funds each fiscal year through passage of an annual budget ordinance and amended as required. The District adopts project length budgets for the District-wide Capital Projects Fund. During the fiscal year ended June 30, 2022, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each fiscal year.

E. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The local government investment pool, "Georgia Fund 1", created by OCGA 36-83-8, is a stable asset value investment pool, which follows Fitch's criteria for AAAf/S1 rated money market funds and is regulated by the Georgia Office of State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of fiscal year-end and the District's investment in the Georgia Fund 1 is reported at fair value. The District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Increases or decreases in the fair value during the year are recognized as a component of interest income.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. On-Behalf Payments

The State of Georgia makes certain retirement plan payments on behalf of the District for its employees. The District records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2022 was \$104,334.

H. Inventory and Prepaid Items

Inventories of the School Food Services Fund are stated at cost using the first-in, first-out method. Donated food commodities are recorded at fair value. The District utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures when used rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expense in the fiscal year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

I. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, vehicles, and equipment is depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Equipment and vehicles	5-20
Land improvements	15
Buildings and building improvements	50
Right-to-use asset - buildings	20-50

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures. The long-term obligations of the District at June 30, 2022 were compensated absences, financed purchases, net pension liability, net OPEB liability, and certificates of participation which are discussed later in these footnotes as other obligations.

K. Leases

The District is a lessee for a noncancelable building lease. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

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

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Inflows/Outflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has several types of items that qualify for reporting in this category aside from those items related to pensions and OPEB.

The governmental funds report unavailable revenues from property taxes and other revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and the government wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents property taxes which have been received or are receivable as of the balance sheet date but which are meant to fund expenditures for the upcoming fiscal year and thus will be recognized as revenue in the period for which they have been levied.

The School District's deferred charge on refunding debt qualifies for reporting in this category. A deferred charge on refunding debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

Finally, the District also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability and its net other postemployment benefits (OPEB) liability. Certain changes in the net pension liability and the net OPEB liability are recognized as pension and OPEB expenses over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the District's actuary which adjust the net pension liability and the net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expenses over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability and the net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expenses over the expected remaining service lives of Plan members. The difference between projected investment return on pension and OPEB investments and actual return on those investments is also deferred and amortized against pension and OPEB expenses over a five year period.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

Compensated absences represent obligations of the District relating to an employee's 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. Accumulated unpaid sick leave costs are not vested and are not accrued, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs are accrued when incurred in the government-wide financial statements.

Regular full-time twelve month custodial and maintenance staff earn vacation leave with pay from ten to fifteen days per fiscal year based on years of continuous service with a maximum accumulation of twenty days. Upon separation from the District, employees may be paid for unused vacation leave up to a maximum of twenty days at the current rate of pay.

N. Fund Equity

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

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

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Likewise, fund balances that have been committed cannot be used for any other purposes unless the Board of Education removes the commitment of these funds through formal action of the adoption of a resolution.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity (Continued)

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

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. The Board will strive to maintain an unassigned fund balance of between 4% -15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in the property tax digest or a reduction to state funding.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by retainage (contracts) payables and by the outstanding balances of any borrowing used (i.e., the amount that the District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both are available.

O. Use of Estimates

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions

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

Q. Other Postemployment Benefits (OPEB)

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

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The budget is a complete financial plan for the District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared by fund, function, and object. The legal level of budgetary control was established by the Board at the aggregate level. The budget for the General Fund was prepared in accordance with U.S. generally accepted accounting principles.

The budgetary process begins with District administration presenting an initial budget for the Board's review. The Board provides the administration with revenue, expenditure, and fund balance guidelines, and receives public comments. Administration makes revisions as necessary and prepares a tentative budget for the Board's approval. After approval of this tentative budget by the Board, such a budget is advertised at least once in a newspaper of general circulation in the locality. 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 school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, OCGA 20-2-167 (c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the fiscal year. All unexpended budget authority lapses at fiscal year-end.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

The Superintendent is authorized by the Board to approve adjustments of no more than five percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board of Education. If expenditure of funds in any budget function for any fund is anticipated to be more than five percent of the budgeted amount, the Superintendent shall request board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget and that exceeds \$25,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board of Education.

For fiscal year ended June 30, 2022, the following departments had excesses of actual expenditures over appropriations:

General Fund departments:

Support services:

School administration	\$ 99,476
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These over-expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the District to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At June 30, 2022, information on the credit risk and interest rate risk related to the District's investments (which are classified as cash equivalents) is disclosed as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Credit rating</u>	<u>Fair Value</u>
Georgia Fund 1	43 day weighted average	AAAf/S1	\$ 14,617,440

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of the bonds in a portfolio will decline if market interest rates rise. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Custodial Credit Risk - Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2022, the financial institution holding some of the District's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2022, the District's cash accounts were insured and/or collateralized as defined by GASB Standards.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4. RECEIVABLES

Receivables at June 30, 2022 for the District's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	<u>General</u>	<u>District-wide Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 4,576,539	\$ 883,344	\$ 1,076,238	\$ 6,536,121
Property taxes	5,082,473	-	-	5,082,473
Accounts	74,106	-	-	74,106
Gross receivables	9,733,118	883,344	1,076,238	11,692,700
Less: Allowance for uncollectibles	(68,518)	-	-	(68,518)
Net receivables	<u>\$ 9,664,600</u>	<u>\$ 883,344</u>	<u>\$ 1,076,238</u>	<u>\$ 11,624,182</u>

NOTE 5. PROPERTY TAXES

The City of Decatur, Georgia bills and collects property taxes for the District. Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the billings are considered delinquent on June 1 and December 20. After these dates, penalties and interest may be assessed by the City.

As discussed in Note 1, the District records deferred inflows of resources related to the property tax levies. At June 30, 2022, the District reports a deferred inflow of resources - unearned revenue of \$20,906,978 for the 2022 tax year digest collections which are budgeted to fund fiscal year 2023 operations as reported in both the balance sheet for governmental funds as well as the government-wide statement of net position. Furthermore, in the General Fund, the District reports a deferred inflow of resources - unavailable property taxes of \$605,550 which consists of the amounts due on the 2021 tax year digest (and prior fiscal year taxes) not collected within 60 days of June 30, 2022.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Restated Beginning				Ending
Governmental activities	Balances	Additions	Deletions	Transfers	Balances
Capital assets, not being depreciated					
Land	\$ 16,365,498	\$ -	\$ -	\$ -	\$ 16,365,498
Construction in progress	170,999	-	-	(170,999)	-
Total	16,536,497	-	-	(170,999)	16,365,498
Capital asset, being depreciated					
Land improvements	496,257	-	-	-	496,257
Buildings and building improvements	162,245,325	1,814,388	-	170,999	164,230,712
Equipment and vehicles	12,232,217	4,290,092	(1,846,482)	-	14,675,827
Total	174,973,799	6,104,480	(1,846,482)	170,999	179,402,796
Less accumulated depreciation for:					
Land improvements	(182,537)	(30,555)	-	-	(213,092)
Buildings and building improvements	(21,572,933)	(3,497,664)	-	-	(25,070,597)
Equipment and vehicles	(6,461,041)	(1,371,636)	1,846,482	-	(5,986,195)
Total	(28,216,511)	(4,899,855)	1,846,482	-	(31,269,884)
Total capital assets being depreciated, net	146,757,288	1,204,625	-	170,999	148,132,912
Governmental activities capital assets, net excluding right-to-use assets	163,293,785	1,204,625	-	-	164,498,410
Right-to-use asset, being amortized					
Buildings	2,281,170	-	-	-	2,281,170
Total	2,281,170	-	-	-	2,281,170
Less accumulated amortization for:					
Buildings and building improvements	-	(91,247)	-	-	(91,247)
Total	-	(91,247)	-	-	(91,247)
Total governmental activities capital assets, net as reported in the statement of net position	\$ 165,574,955	\$ 1,113,378	\$ -	\$ -	\$ 166,688,333

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, the District is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, a restatement of \$1,021,389 to beginning capital assets was required in governmental activities due to the guidance for reporting leases.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Governmental activities:	
Improvement of instructional services	\$ 4,291,597
General administration	163,338
School administration	26,196
Maintenance and operation of plant	277,108
Student transportation	179,125
Food services operation	<u>53,738</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 4,991,102</u>

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS

Long-term debt and obligations activity for the fiscal year ended June 30, 2022 is as follows:

	Restated Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year	Due in More Than One Year
Governmental activities:						
Certificates of participation:						
Series 2014	\$ 15,930,000	\$ -	\$ (415,000)	\$ 15,515,000	\$ 430,000	\$ 15,085,000
Series 2020	8,075,000	-	(780,000)	7,295,000	435,000	6,860,000
Unamortized premiums	498,273	-	(45,185)	453,088	-	453,088
Certificates of participation, net:	<u>24,503,273</u>	<u>-</u>	<u>(1,240,185)</u>	<u>23,263,088</u>	<u>865,000</u>	<u>22,398,088</u>
Financed purchases from						
direct borrowings	5,833,691	-	(901,331)	4,932,360	526,238	4,406,122
Lease liability	2,281,170	-	(30,609)	2,250,561	31,583	2,218,978
Net pension liability	77,641,762	13,153,407	(59,053,123)	31,742,046	-	31,742,046
Net OPEB liability	57,145,909	2,225,882	(15,512,356)	43,859,435	-	43,859,435
Compensated absences	<u>129,844</u>	<u>117,669</u>	<u>(111,445)</u>	<u>136,068</u>	<u>102,051</u>	<u>34,017</u>
Governmental activities						
long-term liabilities	<u>\$ 167,535,649</u>	<u>\$ 15,496,958</u>	<u>\$ (76,849,049)</u>	<u>\$ 106,183,558</u>	<u>\$ 1,524,872</u>	<u>\$ 104,658,686</u>

For governmental activities, the net pension liability, the net OPEB liability, compensated absences, and some financed purchases are generally liquidated by the General Fund. The certificates of participation and other financed purchases are liquidated by the District-wide Capital Projects Fund.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (Continued)

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, the District is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, a restatement of \$816,215 to beginning long-term liabilities was required in governmental activities due to the guidance for reporting leases.

Certificates of Participation. In April 2014, the District entered into an agreement with the Georgia Municipal Association, Inc. ("GMA"). The funding of the agreement was provided by the issuance of \$18,120,000 Certificates of Participation Series 2014 by GMA. The proceeds from the Certificates were used to finance the acquisition and construction of school buildings and facilities for the District and the costs incurred in connection with the execution and delivery of the certificates. The agreement with GMA provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of \$335,000 to \$1,060,000 beginning in November 2014 and ending May 2044. Interest is payable at rates of 2.00% to 5.25%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2023	\$ 430,000	\$ 675,887	\$ 1,105,887
2024	450,000	658,687	1,108,687
2025	465,000	640,688	1,105,688
2026	480,000	626,738	1,106,738
2027	505,000	601,538	1,106,538
2028-2032	2,930,000	2,606,600	5,536,600
2033-2037	3,665,000	1,869,256	5,534,256
2038-2042	4,510,000	1,029,338	5,539,338
2043-2044	2,080,000	133,450	2,213,450
Total	15,515,000	\$ 8,842,182	\$ 24,357,182
Plus: Unamortized Premium	343,309		
Total	<u>\$ 15,858,309</u>		

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (Continued)

Certificates of Participation (Continued). In January 2010, the District entered into an agreement with the Georgia School Boards Association, Inc. (the “Association”). The funding of the agreement was provided by the issuance of \$10,295,000 Taxable Certificates of Participation, Build America Bonds, Direct Payment, Series 2010 by the Association. The agreement with the Association provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. In November 2020, the original Certificates of Participation were fully refunded. The refunding resulted in a decrease of total debt service payments of approximately \$1,649,420 for an economic gain of \$1,435,228. The difference between the cash flows required to service the old debt (refunded debt) and cash flows required to service the new debt (refunding debt) and complete the refunding was determined during fiscal year June 30, 2021 to be \$151,101. The deferred accounting loss on refunding will be amortized over the remaining years to service the debt using the effective interest method. The principal on the new Series 2020 Certificates of Participation is due in annual installments of \$355,000 to \$780,000 beginning in May 2021 to May 2037. Interest is payable at 1.79%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2023	\$ 435,000	\$ 130,580	\$ 565,580
2024	435,000	122,794	557,794
2025	445,000	115,008	560,008
2026	455,000	107,042	562,042
2027	460,000	98,898	558,898
2028-2032	2,430,000	367,576	2,797,576
2033-2037	2,635,000	143,021	2,778,021
Total	7,295,000	<u>\$ 1,084,919</u>	<u>\$ 8,379,919</u>
Plus: Unamortized Premium	109,779		
Total	<u>\$ 7,404,779</u>		

In accordance with the Disclosure Certificate, the District is required to provide continuing disclosures to outside parties. In the event of a failure of the District to comply with any provision of the Disclosure Certificate, the participating underwriter or any beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed a default or an event of default under the Resolution and the sole remedy under the Disclosure Certificate in the event of any failure of any party to comply with the Disclosure Certificate shall be an action to compel performance.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (Continued)

Lease Liability. The District has entered into an agreement for the purpose of purchasing a public works building. Under the terms of the agreement, the District will assure that the payments of principal and interest on the agreement are made in a timely manner through January 2046. The total annual payments range from \$121,605 to \$170,247. The initial lease liability was recorded in the amount of \$2,281,170. As of June 30, 2022, the value of the lease liability was \$2,250,561. The lease has an interest rate of 4%. The building has a useful life of twenty-five years and the value of the right-to-use asset as of June 30, 2022 was \$2,281,170 and had accumulated amortization of \$91,247.

Future principal and interest payments to be made on this lease, to maturity, are as follows:

Fiscal Year Ending, June 30	Principal	Interest	Total
2023	\$ 31,583	\$ 90,022	\$ 121,605
2024	32,846	88,759	121,605
2025	34,160	87,445	121,605
2026	35,526	86,079	121,605
2027	61,268	84,658	145,926
2028-2032	345,122	384,508	729,630
2033-2037	444,214	309,737	753,951
2038-2042	647,864	203,371	851,235
2043-2046	617,978	63,009	680,987
Total	<u>\$ 2,250,561</u>	<u>\$ 1,397,588</u>	<u>\$ 3,648,149</u>

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (Continued)

Financed purchases from direct borrowings. The District has entered into a financed purchase agreement for buses and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through August 2021 and July 2028. The total annual payment is \$138,453. The outstanding balance of the financed purchase as of June 30, 2022 is \$861,787.

The District has entered into an installment sales agreement with the City of Decatur. The agreement executed between the District and the City called for the City to construct a central administration facility for the District who, in turn, will be responsible for paying the City amounts equal to the debt service requirements on the Urban Redevelopment Agency Revenue Bonds, Series 2013B. The total annual payments (principal and interest) to be paid to the City of Decatur will range from \$394,231 to \$401,975. During fiscal year ended June 30, 2021, the URA issued \$3,615,000 Series 2020 B bonds, the proceeds of which were used to partially refund the Series 2013B bonds. The non-refunded portion of the bonds matures January 1, 2023. As of June 30, 2022 the outstanding principal amount on the Series 2013B bonds was \$245,000. The City defeased \$3,420,000 of the Series 2013B bonds by placing the proceeds of the refunding issuance in an irrevocable trust to provide for all future debt service payments on the old bonds. The advanced refunding resulted in a decrease of total debt service payments of approximately \$804,863 and an economic gain of \$649,978. The difference between the cash flows required to service the old debt (refunded debt) and cash flows required to service the new debt (refunding debt) and complete the refunding was determined during fiscal year June 30, 2021 to be \$65,413. The deferred accounting loss on refunding will be amortized over the remaining years to service the agreement with the City of Decatur using the effective interest method. The outstanding balance on the Series 2020 B bonds at June 30, 2022 was \$3,560,000.

The District entered into one agreement for computer equipment with Dell and under the terms of the agreements, the District will ensure that the payments of principal and interest are made in a timely manner through April 2023. The total annual payment is \$22,544 for Dell financed purchase agreement 004. The outstanding balance of this financed purchase as of June 30, 2022 is \$22,136.

The District entered into an agreement for computer equipment with Apple and under the terms of the agreement, the District will assure that the payments of principal and interest are made in a timely manner through July 2023. The total annual payments are \$121,719. The outstanding balance of this financed purchase as of June 30, 2022 is \$243,437.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (Continued)

The future minimum payment obligations as of June 30, 2022 are as follows:

Fiscal Year Ending, June 30	Principal	Interest	Total
2023	\$ 526,238	\$ 116,693	\$ 642,931
2024	517,502	109,684	627,186
2025	404,285	97,782	502,067
2026	417,894	85,624	503,518
2027	426,612	73,056	499,668
2028-2032	1,924,829	181,071	2,105,900
2033-2037	715,000	18,995	733,995
Total	<u>\$ 4,932,360</u>	<u>\$ 682,905</u>	<u>\$ 5,615,265</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances as of the fiscal year ended June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 685,072
General fund	Capital projects fund	376,606
Nonmajor governmental funds	Nonmajor governmental funds	363,370
		<u>\$ 1,425,048</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers as of the fiscal year ended June 30, 2022 are as follows:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	\$ 422,019
Nonmajor governmental funds	Nonmajor governmental funds	74,802
		<u>\$ 496,821</u>

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS

Teachers Retirement System of Georgia (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained at www.trsga.com/publications.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRPB-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRPB-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

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

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A Section 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 fiscal year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 19.81% of the annual School District payroll. The School District's contributions to TRS were \$9,514,134 for the fiscal year ended June 30, 2022.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the 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 District were as follows:

District's proportionate share of the net pension liability	\$ 31,742,046
State of Georgia's proportionate share of the net pension liability associated with the District	<u>30,955</u>
Total	<u>\$ 31,773,001</u>

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability in the amount of \$31,742,046. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2021. At June 30, 2021, the employer proportion was 0.358897%, which was an increase of 0.0383800% from its proportion measured as of June 30, 2020.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): For the fiscal year ended June 30, 2022, the District recognized pension expense of \$4,739,557 and revenue of \$73,122 for support provided by the State of Georgia for certain support personnel. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 46,429,647
Experience differences	7,574,661	-
Assumption changes	6,143,570	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	9,617,647	426
School District contributions subsequent to the measurement date	9,514,134	-
Total	<u>\$ 32,850,012</u>	<u>\$ 46,430,073</u>

The District's contributions subsequent to the measurement date of \$9,514,134 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending June 30:	
2023	\$ (2,773,181)
2024	(3,178,304)
2025	(6,843,501)
2026	(10,299,209)
Total	<u>\$ (23,094,195)</u>

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Postretirement Benefit Increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%
U.S. large equities	46.30	9.30
U.S. small equities	1.20	13.30
International developed market equities	11.50	9.30
International emerging market equities	6.00	11.30
Alternatives	5.00	10.60
Total	100.00%	

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 85,504,662	\$ 31,742,046	\$ (12,312,708)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at <http://www.trsga.com>.

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 PSERS 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/formspubs/formspubs.

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 \$15.50, 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.

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System (PSERS) (Continued)

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

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

Pension Liabilities and Pension Expense. At June 30, 2022, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the state's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net	
Pension Liability associated with the District	\$ <u>88,944</u>

The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The state's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the state during the fiscal year ended June 30, 2021.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$935 and revenue of \$935 for support provided by the State of Georgia.

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

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System (PSERS) (Continued)

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 postretirement 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, with the exception of the assumed investment rate of return.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(1.50)%
U.S.large stocks	46.40	9.20
U.S. small stocks	1.10	13.40
International developed market stocks	11.70	9.20
International emerging market stocks	5.80	10.40
Alternatives	5.00	10.60
Total	100.00%	

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System (PSERS) (Continued)

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

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; workers' compensation, and unemployment compensation. The District participates in the Georgia School Boards Association Risk and Insurance Management System (the "System"), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the System. The District pays an annual premium to the System for its general insurance coverage. Additional coverage is provided through agreements by the System with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation, and abuse) and automobile risks. Payment of excess insurance for the System varies by line of coverage.

The District is self-insured with regard to unemployment compensation claims. The District accounts for its claims within the General Fund with an expenditure and a liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The District unemployment claims during fiscal years ended June 30, 2022 and 2021 totaled \$0 and \$65,683, respectively.

The following describes the changes in the claims liability over the last two (2) fiscal years:

Fiscal Year	Beginning of Fiscal Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Fiscal Year Claims Liability
2022	\$ -	\$ -	\$ -	\$ -
2021	-	65,683	(65,683)	-

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. RISK MANAGEMENT (Continued)

The District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992 to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The District pays an annual premium to the Fund for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Fund with Safety National to provide coverage for potential losses sustained by the Fund in excess of \$100,000 loss per occurrence, up to the statutory limit.

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

<u>Position covered</u>	<u>Amount</u>
Superintendent	\$ 100,000
All other employees	100,000

NOTE 11. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audits and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the financial statements for such contingencies.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Georgia School Employees Postemployment Benefit Fund

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

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Georgia School Employees Postemployment Benefit Fund (Continued)

Benefits. The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and 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 of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the District were \$1,072,491 for the fiscal year ended June 30, 2022. 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, 2022, the District reported a liability of \$43,859,435 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected net OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the State OPEB Fund during the fiscal year ended June 30, 2021. At June 30 2021, the District's proportion was 0.404950%, which was an increase of 0.015876% from its proportion measured as of June 30, 2020.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,223,363. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 69,547
Experience differences	-	20,026,079
Assumption changes	8,031,339	3,578,902
Changes in proportion and differences between School District contributions and proportionate share of contributions	5,638,905	-
School District contributions subsequent to the measurement date	1,072,491	-
Total	<u>\$ 14,742,735</u>	<u>\$ 23,674,528</u>

District contributions subsequent to the measurement date of \$1,072,491 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:		
2023	\$	(2,562,058)
2024		(2,289,092)
2025		(1,568,319)
2026		(1,001,586)
2027		(1,948,738)
2028		(634,491)
Total	<u>\$</u>	<u>(10,004,284)</u>

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Actuarial assumptions:

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2019 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, 2021:

Inflation	2.50%
Salary increases	TRS - 3.00 – 8.75%, including inflation P S E R S – N/A
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirements. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

- 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. Postretirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Postretirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Postretirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2020 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 which was 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Board 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.

**CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Beginning in fiscal year 2019, the School OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

Discount rate:

The discount rate was 2.20%, a decrease from the prior year's rate of 2.22%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.20% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (2.21% 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 employer 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 2145.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.20%, as well as what the 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 (1.20%) or 1-percentage-point higher (3.20%) than the current rate:

	<u>1% Decrease (1.20%)</u>	<u>Current discount rate (2.20%)</u>	<u>1% Increase (3.20%)</u>
District's proportionate share of the net OPEB liability	\$ 50,141,171	\$ 43,859,435	\$ 38,601,028

CITY OF DECATUR BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate (Continued):

The following presents the District's proportionate share of the net OPEB liability, as well as what the 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 rates:

	1% Decrease	Current discount rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 37,216,431	\$ 43,859,435	\$ 52,163,712

NOTE 13. ON-BEHALF PAYMENTS

The District has recognized revenues and costs in the amount of \$104,334 for retirement contributions paid on the District's behalf by the following State Agencies:

Georgia Department of Education paid to the Teachers Retirement District for Teachers Retirement (TRS) in the amount of \$9,263.

State Treasurer of the State of Georgia paid to the Public School Employees Retirement System for the Public School Employees Retirement (PSERS) employer's cost in the amount of \$95,071.

NOTE 14. RESTATEMENTS

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the District is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, the following restatement was required to the beginning net position of governmental activities due to the revised guidance for reporting leases liabilities. The District had previously reported a lease payable under the provisions of standards superseded by GASB Statement No. 87.

A summary of the restatements associated with the change in accounting principle is as follows:

Governmental Activities

Beginning net position, as previously reported	\$ 53,852,621
Change in accounting principle - GASB Statement No. 87	205,174
Beginning net position, as restated	<u>\$ 54,057,795</u>

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHERS RETIREMENT SYSTEM (TRS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.358897%	0.320517%	0.301821%	0.288664%
District's proportionate share of the net pension liability	\$ 31,742,046	\$ 77,641,762	\$ 64,899,676	\$ 53,582,222
State of Georgia's proportionate share of the net pension liability associated with the District	30,955	90,113	119,125	103,391
Total	<u>\$ 31,773,001</u>	<u>\$ 77,731,875</u>	<u>\$ 65,018,801</u>	<u>\$ 53,685,613</u>
District's covered payroll	\$ 46,693,811	\$ 41,323,699	\$ 36,834,517	\$ 34,381,820
District's proportionate share of the net pension liability as a percentage of its covered payroll	68%	188%	176%	156%
Plan fiduciary net position as a percentage of the total pension liability	92.03%	77.01%	78.56%	80.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.272721%	0.272846%	0.258471%	0.239106%
District's proportionate share of the net pension liability	\$ 50,686,038	\$ 56,291,172	\$ 39,349,643	\$ 30,207,889
State of Georgia's proportionate share of the net pension liability associated with the District	343,271	512,571	372,531	284,890
Total	<u>\$ 51,029,309</u>	<u>\$ 56,803,743</u>	<u>\$ 39,722,174</u>	<u>\$ 30,492,779</u>
District's covered payroll	\$ 31,314,744	\$ 29,920,514	\$ 27,291,506	\$ 24,393,599
District's proportionate share of the net pension liability as a percentage of its covered payroll	162%	188%	144%	124%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%

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

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEACHERS RETIREMENT SYSTEM (TRS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 9,514,134	\$ 8,899,840	\$ 8,735,830	\$ 7,698,414	\$ 5,779,584
Contributions in relation to the contractually required contribution	<u>9,514,134</u>	<u>8,899,840</u>	<u>8,735,830</u>	<u>7,698,414</u>	<u>5,779,584</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 48,026,924	\$ 46,693,811	\$ 41,323,699	\$ 36,834,517	\$ 34,381,820
Contributions as a percentage of covered payroll	19.81%	19.06%	21.14%	20.90%	16.81%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 4,468,614	\$ 4,270,788	\$ 3,587,737	\$ 2,995,534	\$ 2,653,597
Contributions in relation to the contractually required contribution	<u>4,468,614</u>	<u>4,270,788</u>	<u>3,587,737</u>	<u>2,995,534</u>	<u>2,653,597</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,314,744	\$ 29,920,514	\$ 27,291,506	\$ 24,393,599	\$ 23,256,766
Contributions as a percentage of covered payroll	14.27%	14.27%	13.15%	12.28%	11.41%

CITY OF DECATUR BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS RETIREMENT SYSTEM (TRS)

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 Teachers 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.

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM (PSERS)

	2022	2021	2020	2019
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	88,944	619,821	510,603	461,154
Total	<u>\$ 88,944</u>	<u>\$ 619,821</u>	<u>\$ 510,603</u>	<u>\$ 461,154</u>
District's covered payroll	\$ 2,421,528	\$ 2,443,834	\$ 2,167,471	\$ 1,489,358
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	98.00%	84.45%	85.02%	85.26%
	2018	2017	2016	2015
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	400,260	513,656	322,493	272,575
Total	<u>\$ 400,260</u>	<u>\$ 513,656</u>	<u>\$ 322,493</u>	<u>\$ 272,575</u>
District's covered payroll	\$ 1,256,200	\$ 964,773	\$ 804,376	\$ 646,925
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%	87.00%	88.29%

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

CITY OF DECATUR BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumption utilized by the System based on the experience study prepared for the five-year period 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.

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY OTHER POSTEMPLOYMENT BENEFITS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.404950%	0.389074%	0.370149%	0.362884%	0.347341%
District's proportionate share of the net OPEB liability	<u>\$ 43,859,435</u>	<u>\$ 57,145,909</u>	<u>\$ 45,425,224</u>	<u>\$ 46,121,443</u>	<u>\$ 48,801,270</u>
Total	<u><u>\$ 43,859,435</u></u>	<u><u>\$ 57,145,909</u></u>	<u><u>\$ 45,425,224</u></u>	<u><u>\$ 46,121,443</u></u>	<u><u>\$ 48,801,270</u></u>
District's covered payroll	\$ 27,151,297	\$ 27,151,297	\$ 27,151,297	\$ 27,151,297	\$ 30,930,509
District's proportionate share of the net pension liability as a percentage of its covered payroll	162%	210%	167%	170%	158%
Plan fiduciary net position as a percentage of the total pension liability	6.14%	3.99%	4.63%	2.93%	1.61%

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

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFITS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,072,491	\$ 1,503,345	\$ 1,315,758	\$ 1,993,506	\$ 1,880,794
Contributions in relation to the contractually required contribution	<u>1,072,491</u>	<u>1,503,345</u>	<u>1,315,758</u>	<u>1,993,506</u>	<u>1,880,794</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,123,632	\$ 27,151,297	\$ 27,151,297	\$ 27,151,297	\$ 27,151,297
Contributions as a percentage of covered payroll	3.95%	5.54%	4.85%	7.34%	6.43%

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

CITY OF DECATUR BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION 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 Systems experience study. Approximately 0.10% of employees are members of the Employees Retirement System.

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

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

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

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

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

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

**CITY OF DECATUR BOARD OF EDUCATION
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

SCHOOL FOOD SERVICES

To account for the monies and commodities received from federal and state governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

LOTTERY PROGRAMS

To account for the Pre-K program administered by the District.

FEDERAL PROGRAMS

To account for various federal grant monies received by the District.

CITY OF DECATUR BOARD OF EDUCATION

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Food Services	Lottery Programs	Federal Programs	
ASSETS				
Cash and cash equivalents	\$ 1,250,353	\$ -	\$ -	\$ 1,250,353
Receivables:				
Intergovernmental	18,229	-	1,058,009	1,076,238
Due from other funds	363,370	-	-	363,370
Inventory	23,612	-	-	23,612
Total assets	<u>\$ 1,655,564</u>	<u>\$ -</u>	<u>\$ 1,058,009</u>	<u>\$ 2,713,573</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 31,417	\$ -	\$ 9,567	\$ 40,984
Salaries payable	170,325	-	-	170,325
Due to other funds	-	-	1,048,442	1,048,442
Total liabilities	<u>201,742</u>	<u>-</u>	<u>1,058,009</u>	<u>1,259,751</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	23,612	-	-	23,612
Restricted for:				
School food operations	1,430,210	-	-	1,430,210
Total fund balances	<u>1,453,822</u>	<u>-</u>	<u>-</u>	<u>1,453,822</u>
Total liabilities and fund balances	<u>\$ 1,655,564</u>	<u>\$ -</u>	<u>\$ 1,058,009</u>	<u>\$ 2,713,573</u>

CITY OF DECATUR BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Food Services	Lottery Programs	Federal Programs	
REVENUES				
Intergovernmental - federal	\$ 3,032,595	\$ -	\$ 4,560,614	\$ 7,593,209
Intergovernmental - state	160,559	916,284	-	1,076,843
Charges for services	135,835	-	-	135,835
Other revenue	6,313	-	-	6,313
Total revenues	3,335,302	916,284	4,560,614	8,812,200
EXPENDITURES				
Instruction	-	1,172,911	4,140,547	5,313,458
Support services:				
Pupil services	-	-	211,944	211,944
Improvement of instructional services	-	-	178,739	178,739
Grant administration	-	-	165,860	165,860
Student transportation services	-	-	28,799	28,799
Food services operation	2,391,835	-	-	2,391,835
Total expenditures	2,391,835	1,172,911	4,725,889	8,290,635
Excess (deficiency) of revenues under expenditures	943,467	(256,627)	(165,275)	521,565
OTHER FINANCING SOURCES (USES)				
Transfers in	-	256,744	240,077	496,821
Transfers out	-	-	(74,802)	(74,802)
Total other financing sources (uses)	-	256,744	165,275	422,019
Net change in fund balance	943,467	117	-	943,584
FUND BALANCE (DEFICIT), beginning of fiscal year	510,355	(117)	-	510,238
FUND BALANCE, end of fiscal year	<u>\$ 1,453,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,822</u>

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2017 Issue							
PROJECT	Line Item	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COSTS	AMOUNT EXPENDED IN CURRENT YEAR	AMOUNT EXPENDED IN PRIOR YEARS	TOTAL AMOUNT EXPENDED TO DATE	PROJECT STATUS
Acquisition of facilities leased by the City Schools of Decatur, including the College Heights Early Learning Center, the 4-5 Academy at Fifth Avenue, Clairemont Elementary School, Glennwood Elementary School, and Oakhurst Elementary School as now existing and as hereafter improved.	1	\$ 9,655,813	\$ 9,245,993	\$ 2,074,659	\$ 7,171,334	\$ 9,245,993	6/30/2022
To acquire, design, construct, renovate, modify, add to, repair, replace, demolish all or a portion of, improve and equip existing and new school buildings and sites and other existing and new buildings and facilities, including greenspace, useful or desirable in connection therewith, including, but not limited to, Clairemont Elementary School, College Heights Early Childhood Learning Center, Decatur High School, the 4-5 Academy at Fifth Avenue, Glennwood Elementary School, Oakhurst Elementary School, Renfro Middle School, Westchester Elementary School, Winona Park Elementary School and a Central Office.	2	9,285,950	7,327,564	4,058,068	3,307,496	7,365,564	6/30/2022
To acquire, including but not limited to, through lease-purchase, construct and equip new school buildings, early learning center buildings and other buildings or facilities useful or desirable in connection therewith, including acquiring real estate for new school buildings.	3	1,250,000	834,941	-	834,941	834,941	6/30/2022
To acquire and install system-wide technology and information systems, hardware, and infrastructure at all schools and other school system facilities.	4	1,550,000	789,096	96,000	693,096	789,096	6/30/2022
To acquire computers or similar technology for the use of students and staff in and outside of the classroom.	5	3,200,000	8,044,026	4,487,370	3,556,656	8,044,026	6/30/2022
To acquire school buses, school-related vehicles and other transportation equipment.	6	562,500	334,419	-	331,419	331,419	6/30/2022
School improvement and maintenance projects throughout the City Schools of Decatur, including but not limited to, HVAC renovations, repairs and replacements; roofing repairs and replacements; electrical repairs, renovations and upgrades, including but not limited to cost-saving energy efficiency capital projects; boiler renovations, repairs and upgrades; and other similar capital improvements.	7	2,500,000	160,097	-	160,097	160,097	6/30/2022
To acquire, including, but not limited to, through lease-purchase, design, construct and equip a new Central Office for the City Schools of Decatur, including parking.	8	1,996,550	1,979,439	358,115	1,621,324	1,979,439	6/30/2022
		<u>\$ 23,464,863</u>	<u>\$ 23,464,863</u>	<u>\$ 11,074,212</u>	<u>\$ 17,676,363</u>	<u>\$ 28,750,575</u>	

II. CONTINUING DISCLOSURE SECTION (Unaudited)

The following statistical section is presented to be in compliance with continuing disclosure requirements for the following debt issues:

\$18,120,000 Certificates of Participation
(City Schools of Decatur Project), Series 2014

CITY OF DECATUR BOARD OF EDUCATION

GENERAL INFORMATION - CUSIPS (UNAUDITED) JUNE 30, 2022

\$18,120,000 Georgia Municipal Association, Inc. Certificates of Participation
(City Schools of Decatur Project), Series 2014

Item	CUSIP	No	Date
1	24310P	AA7	2016
2	24310P	AB5	2017
3	24310P	AC3	2018
4	24310P	AD1	2019
5	24310P	AE9	2020
6	24310P	AF6	2021
7	24310P	AG4	2022
8	24310P	AH2	2023
9	24310P	AJ8	2024
10	24310P	AK5	2025
11	24310P	AL3	2026
12	24310P	AM1	2027
13	24310P	AN9	2028
14	24310P	AP4	2029
15	24310P	AQ2	2030
16	24310P	AR0	2034
17	24310P	AS8	2039
18	24310P	AT6	2044

CITY OF DECATUR BOARD OF EDUCATION

**SCHOOL BUILDINGS (UNAUDITED)
JUNE 30, 2022**

School Name	Grades	Active Enrollment	Size of Site (acres)	Occupied Year ⁽¹⁾	Number of Instructional Units
College Heights	PreK	161	5.99	1955	17
Clairemont	K-3	212	4.08	1936	15
Glennwood	K-3	178	4.13	1913	20
Oakhurst	K-3	309	3.16	1916	20
Westchester	K-3	211	7.21	2014	14
Winnona Park	K-3	322	6.03	1923	44
Talley	3-5	693	6.38	2019	40
Fifth Avenue	3-5	648	3.92	2011	58
Renfro	6-8	1,382	8.19	1972	103
Decatur	9-12	1,688	16.43	1965	96
Totals		<u>5,804</u>	<u>65.52</u>		<u>427</u>

⁽¹⁾ Occupied year represents the year during which the school was initially opened and utilized for instructional purposes but does not reflect the most recent year of subsequent additions, improvements or renovations, if any to the facility.

CITY OF DECATUR BOARD OF EDUCATION

ACTIVE PERSONNEL (UNAUDITED) LAST TEN FISCAL YEARS

Category	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Teachers	513	474	509	476	452	434	410	407	387	339
Support	305	400	65	320	280	274	270	273	267	259
Administrators	58	42	404	54	47	47	39	39	40	36
Totals	<u>876</u>	<u>916</u>	<u>978</u>	<u>850</u>	<u>779</u>	<u>755</u>	<u>719</u>	<u>719</u>	<u>694</u>	<u>634</u>

CITY OF DECATUR BOARD OF EDUCATION

SALES & USE TAX RECEIPTS (UNAUDITED)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year ended June 30,	Sales & Use Tax Receipts
2022	\$ 6,742
2021	5,922
2020	5,243
2019	5,270
2018	5,061
2017	3,621
2016	3,529
2015	3,534
2014	3,384
2013	3,303

**CITY OF DECATUR BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION -
CITY OF DECATUR, GEORGIA (UNAUDITED)
JUNE 30, 2022
(amounts expressed in thousands)**

Gross Tax Digest	<u>\$ 2,743,113</u>
Debt Limit (10% of Assessed Value)	<u>274,311</u>
Amount of Debt Applicable to Debt Limit	100,704
Less Amount set aside for repayment of general obligation debt	<u>(4,502)</u>
Total net debt applicable to limit	<u>96,202</u>
Legal Debt Margin	<u><u>\$ 178,109</u></u>

CITY OF DECATUR BOARD OF EDUCATION

TAX DIGEST HISTORY (UNAUDITED)

LAST TEN YEARS

(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property	Public Utility	Motor Vehicle**	Less:	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial*				Tax Exempt Real Property				
2013	\$ 1,004,672	\$ 163,845	\$ 23,212	\$ 14,640	\$ 42,384	89256.95	1,159,495	12.620000	2,340,182	49.55%
2014	1,142,897	196,979	22,087	15,153	37,865	98,419	1,316,562	12.620	2,652,056	49.64%
2015	1,370,510	223,057	23,124	15,236	28,417	131,095	1,529,250	11.620	3,072,709	49.77%
2016	1,437,406	255,835	23,628	15,659	21,299	100,967	1,652,860	12.790	3,316,368	49.84%
2017	1,545,077	289,286	25,729	16,522	18,785	104,883	1,790,516	13.110	3,590,424	49.87%
2018	1,658,547	356,400	26,673	16,258	10,600	109,102	1,959,375	13.240	3,924,051	49.93%
2019	1,789,493	377,391	24,497	15,853	8,059	111,328	2,103,964	13.540	4,211,958	49.95%
2020	1,837,812	469,170	24,686	16,053	5,984	118,288	2,235,417	13.540	4,473,827	49.97%
2021	1,932,865	502,192	23,116	18,840	4,597	129,588	2,352,022	13.540	4,706,341	49.98%
2022	2,070,624	624,479	24,362	19,369	4,279	126,525	2,616,588	12.790	5,235,315	49.98%

* Includes Industrial, Historic, & Brownfield

** Assessed at 40%. All other classes are 50%.

Source: DeKalb County Tax Commissioner

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)

LAST TEN TAX YEARS

Government	Tax Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Direct Rates</u>										
City of Decatur Board of Education:										
Operating	21.000	21.000	20.250	20.250	18.660	18.660	18.660	18.660	20.500	20.900
<u>Overlapping Rates</u>										
City of Decatur:										
Maintenance & Operating	10.590	11.080	10.960	10.960	10.900	10.680	10.680	11.080	11.580	11.580
Bonds	2.200	2.460	2.580	2.580	2.720	2.490	2.490	0.920	1.420	1.420
DeKalb County	9.052	9.505	10.393	10.335	10.781	9.955	11.035	11.920	9.580	12.030
Hospital	0.476	0.356	0.640	0.650	0.730	0.740	0.740	0.890	0.800	0.800
State	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.100	0.150
Total Direct & Overlapping Rates	43.318	44.401	44.823	44.775	43.791	42.525	43.605	43.520	43.980	46.880

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN TAX YEARS

(amounts expressed in thousands)

Tax Year	Taxes Levied for the Tax Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$73,251	\$32,045	43.7%	\$40,830	\$72,875	99.5%
2020	\$68,483	\$28,907	42.2%	\$39,324	\$68,231	99.6%
2019	\$65,047	\$27,005	41.5%	\$37,845	\$64,850	99.7%
2018	\$56,914	\$24,585	43.2%	\$31,925	\$56,510	99.3%
2017	\$51,969	\$22,572	43.4%	\$29,363	\$51,935	99.9%
2016	\$50,512	\$22,412	44.4%	\$27,869	\$50,281	99.5%
2015	\$44,385	\$19,783	44.6%	\$24,405	\$44,188	99.6%
2014	\$40,749	\$17,539	43.0%	\$23,076	\$40,615	99.7%
2013	\$36,499	\$17,139	47.0%	\$19,356	\$36,495	100.0%
2012	\$35,781	\$17,185	48.0%	\$18,593	\$35,778	100.0%

CITY OF DECATUR BOARD OF EDUCATION

TAX REVENUE SOURCES - CITY OF DECATUR, GEORGIA (UNAUDITED) LAST NINE FISCAL YEARS (amounts expressed in thousands)

		Fiscal Year Ended June 30,										
Tax Source		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Property Tax		\$ 32,685	\$ 31,409	\$ 29,700	\$ 27,207	\$ 24,647	\$ 22,193	\$ 20,097	\$ 17,700	\$ 15,100	\$ 14,824	\$ 14,769
Franchise Tax		1,644	1,569	1,682	1,670	1,647	1,704	1,623	1,564	1,451	1,486	1,510
Sales Tax		1,940	1,125	1,361	1,336	7,100	5,504	5,001	5,675	4,944	4,580	3,706
Insurance Tax		1,628	1,577	1,495	1,407	1,305	1,223	1,114	1,046	997	963	907
Other Taxes		531	504	561	541	563	553	562	515	502	501	425
Total		\$ 38,428	\$ 36,184	\$ 34,799	\$ 32,161	\$ 35,262	\$ 31,177	\$ 28,397	\$ 26,500	\$ 22,994	\$ 22,354	\$ 21,317

CITY OF DECATUR BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2022

Taxpayer	Business	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	
Amco 120 West Trinity LLC	Real Estate Developers	\$ 32,580,000	1	1.39%	%
Marta	Public Transportation	31,202,698	2	1.33%	
Mcref Decatur LLC	Developers/Condos	23,072,400	3	0.98%	
Decatur Properties I LLC	Developers/Apartments	22,722,880	4	0.97%	
Ap West Court LLC	Office Building	18,040,000	5	0.77%	
Tycon One Inc	Developers/Apartments	15,800,000	6	0.67%	
Dtc Partners LLC	Real Estate Developers	13,276,000	7	0.56%	
RS Decatur Office LLC	Office Building	13,082,247	8	0.56%	
250 East Ponce Owner LLC	Office Building	9,740,176	9	0.41%	
Springdale Financial Group LLC	Warehouse	9,192,080	10	0.39%	
		<u>\$ 188,708,481</u>		<u>8.03%</u>	

Source: City of Decatur Revenue Division

CITY OF DECATUR BOARD OF EDUCATION
ANNUAL FINAL BUDGET (GAAP BASIS) -
CITY OF DECATUR, GEORGIA (UNAUDITED)
FOR THE LAST FIVE FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year Ending June 30,				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 25,185	\$ 24,087	\$ 22,841	\$ 21,713	\$ 20,570
Licenses and permits	867	1,435	833	831	1,443
Intergovernmental	305	408	382	316	504
Fines and forfeitures	546	233	798	920	803
Charges for services	1,200	503	1,268	1,814	1,790
Interest income	15	5	20	12	2
Other revenues	167	161	104	196	134
Proceeds from sale of capital assets	67	-	5	5	5
Transfers	1,253	758	926	763	699
Total Revenue	<u>29,605</u>	<u>27,590</u>	<u>27,177</u>	<u>26,570</u>	<u>25,950</u>
Expenditures					
General government	11,488	10,764	10,416	9,892	10,138
Public safety	10,507	8,957	9,924	9,636	9,258
Public works	5,215	4,979	4,508	4,174	3,858
Recreation	2,415	2,224	2,659	2,639	2,242
Intergovernmental	200	225	400	-	-
Transfers	1,458	1,773	1,640	1,350	1,358
Total Expenditures	<u>31,283</u>	<u>28,922</u>	<u>29,547</u>	<u>27,691</u>	<u>26,854</u>
Net change in fund balance	<u>\$ (1,678)</u>	<u>\$ (1,332)</u>	<u>\$ (2,370)</u>	<u>\$ (1,121)</u>	<u>\$ (904)</u>

III. SINGLE AUDIT SECTION

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

**To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Decatur Board of Education, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Decatur Board of Education’s basic financial statements, and have issued our report thereon dated March 27, 2023. Our report includes a reference to the changes in accounting principle resulting from the implementation of the Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 27, 2023



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

**To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Decatur Board of Education's 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 City of Decatur Board of Education's major federal programs for the year ended June 30, 2022. The City of Decatur Board of Education'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 City of Decatur Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Decatur Board of Education and to meet out 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 City of Decatur Board of Education'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 City of Decatur Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Decatur Board of Education'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 City of Decatur Board of Education'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 effectiveness of the City of Decatur Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 27, 2023

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>FUNDING AGENCY PROGRAM/GRANT</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS- THROUGH ENTITY ID NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education:			
Child Nutrition Cluster			
National School Lunch Program - Cash Assistance	10.555	215GA324N1100	\$ 2,404,020
National School Lunch Program - Non-Cash Assistance - Commodities	10.555	215GA324N1100	204,293
School Breakfast Program	10.553	215GA324N1100	237,932
School Snack Program	10.555	215GA324N1100	65,119
COVID-19: Supply Chain Assistance Grant	10.555	215GA100H1703	121,232
			<hr/>
National School Lunch Program			3,032,596
			<hr/>
Total Child Nutrition Cluster			3,032,596
			<hr/>
Total U.S. Department of Agriculture			3,032,596
			<hr/>
U.S. Department of Education			
Special Education Cluster (IDEA)			
Pass-Through From Georgia Department of Education:			
Part B-Exceptional Student			
IDEA Special Education - Flowthrough	84.027	H027A200073	704,096
COVID-19 - IDEA Special Education - Flowthrough	84.027	H027X210073	110,745
High Cost Fund Pool	84.027	H027A21073	72,451
IDEA Parent Mentor	84.027	H027A21073	17,096
COVID-19: IDEA Supplemental Relief	84.027X	H027X210073	8,134
COVID-19 - IDEA Special Education - Ages 3-5	84.173X	H173X210081	9,526
IDEA Special Education - Ages 3-5	84.173	H173A21081	23,741
			<hr/>
Total Special Education Cluster (IDEA)			945,789
			<hr/>
Title I Part A			
Pass-Through From Georgia Department of Education:			
Part A - Title I			
Grants to Local Educational Agencies	84.010	S010A210010	273,937
			<hr/>
Total Title I Part -A			273,937
			<hr/>

(Continued)

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES
Pass-Through From Georgia Department of Education:			
Title II			
Improving Teacher Quality	84.367	S367A21001	\$ 50,066
Title III			
Limited English Proficient (LEP)	84.365	S365A210010	12,968
Title IV			
Student Support and Academic Achievement	84.424A	S42A210011	69,380
Vocational Education-Basic Grants to States			
Perkins V Plus	84.048	V048A210010	11,071
Perkins V Carryover	84.048	V048A210010	1,634
Vocational Professional Development	84.048	V048A210010	13,328
			26,033
Pass-Through from Georgia Department of Education:			
COVID-19: Education for Homeless Children and Youth	84.196	S425W210011	13,369
Education for Homeless Children and Youth	84.196	S206A210011	26,159
			39,528
Elementary and Secondary School Emergency Relief Cluster			
Pass-Through from Georgia Department of Education:			
COVID-19: ESSER-CTAE Supervision	84.425D	S425D200012	2,839
COVID-19: ESSER Supplemental Relief	84.425D	S425D200012	7,310
COVID-19: ESSER-School Nurse	84.425D	S425D200012	15,000
COVID-19: ESSER-CARES II	84.425D	S425D200012	1,063,818
COVID-19: ESSER III	84.425U	S425U200012	1,940,960
			3,029,927
Total Elementary and Secondary School Emergency Relief Cluster			3,029,927
Total U.S. Department of Education			4,447,628
Direct			
Department of the Army			
R.O.T.C. Program	12.unknown	N/A	112,985
Total Expenditures of Federal Awards			\$ 7,593,209

Notes to the Schedule of Expenditures of Federal Awards

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

The District did not utilize the 10% de minimus indirect cost rate permitted by the Uniform Guidance.

The District did not provide Federal Assistance to any Subrecipient.

CITY OF DECATUR BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major federal programs:
Material weaknesses identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Type of auditor’s report issued on compliance for
major federal programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with
2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

Name of Federal Program or Cluster/Assistance Listing Number

Elementary & Secondary School Emergency Relief/84.425D & 84.425U
Special Education Cluster (IDEA)/84.027, 84.027X, 84.173 & 84.173X

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

CITY OF DECATUR BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings and Responses

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

CITY OF DECATUR BOARD OF EDUCATION

**STATUS OF PRIOR FISCAL YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section IV – Status of Prior Audit Findings

No prior fiscal year audit findings