

**FORSYTH COUNTY BOARD OF EDUCATION**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE**  
**FISCAL YEAR ENDED JUNE 30, 2020**

**FORSYTH COUNTY BOARD OF EDUCATION  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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## **I. FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Superintendent and Members of  
the Forsyth County Board of Education  
Cumming, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forsyth County Board of Education** as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Forsyth County Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

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 Forsyth County Board of Education as of June 30, 2020, 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.

***Other Matters***

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

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Forsyth County Board of Education's basic financial statements. The combining fund statements, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the accompanying 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (collectively the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021 on our consideration of the Forsyth County Board of Education'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 Forsyth County Board of Education'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 Forsyth County Board of Education's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 26, 2021

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

## **INTRODUCTION**

Our discussion and analysis of the Forsyth County School District's ("School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- On the district-wide financial statements, the assets of the School District exceeded liabilities by \$63.1 million.
- The School District had \$608.6 million in expenses relating to governmental activities; only \$303.8 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$315.3 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$315.3 million or 51% of all revenues totaling \$619.1 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the remaining revenues.
- Net position for the School District rose by \$10.5 million.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fund financial statements reflect the School District's major funds. In the case of the Forsyth County School District, the General Fund and Capital Projects Fund are reported as major funds.



**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**District-Wide Statements**

The District-Wide financial statements are basically a consolidation of all of the District's operating funds into one column called governmental activities. In reviewing the District-Wide financial statements, a reader might ask the question, are we in a better financial position than last year? The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all of the School District's assets and liabilities and use the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and any changes in the net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

The Statement of Net Position and the Statement of Activities reflects the School District's governmental activities.

**Fund Financial Statements**

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide separate columns of detailed information about only the School District's major funds.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual basis of accounting**, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Table 1**  
**Net Position**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2020
<b>ASSETS</b>		
Current and other assets	\$ 339,990,064	\$ 422,294,678
Capital assets	885,127,243	1,004,370,377
Total assets	1,225,117,307	1,426,665,055
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	4,526,585	3,772,154
Pension related items	107,602,432	153,313,374
OPEB related items	32,520,051	49,083,067
Total deferred outflows of resources	144,649,068	206,168,595
<b>LIABILITIES</b>		
Current liabilities	51,426,370	67,196,028
Long-term liabilities	1,196,767,574	1,415,428,177
Total liabilities	1,248,193,944	1,482,624,205
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	10,830,831	10,743,544
OPEB related items	58,130,714	76,333,064
Total deferred inflows of resources	68,961,545	87,076,608
<b>NET POSITION</b>		
Net investment in capital assets	496,148,990	506,467,612
Restricted	82,905,752	108,524,950
Unrestricted	(526,443,856)	(551,859,725)
Total net position	\$ 52,610,886	\$ 63,132,837

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Table 2**  
**Change in Net Position**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2020
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 13,384,977	\$ 10,760,767
Operating grants and contributions	240,011,016	252,309,677
Capital grants and contributions	47,047,934	40,707,249
General revenues:		
Taxes:		
Property taxes		
For maintenance and operations	193,128,469	208,894,879
For debt service	28,425,381	29,492,434
Sales taxes	40,533,426	43,201,691
Other taxes:		
Intangible taxes	5,701,488	9,168,271
Real estate transfer taxes	2,359,972	2,328,053
Title ad valorem tax	13,049,051	16,046,817
Unrestricted investment earnings	5,339,175	2,883,414
Gain on disposal of capital assets	10,759	257,074
Other	2,033,195	3,054,480
Total revenues	<u>591,024,843</u>	<u>619,104,806</u>
<u>Expenses</u>		
Instruction	370,820,093	426,694,764
Support services:		
Pupil services	12,317,069	15,227,426
Improvement of instructional services	8,652,230	10,284,780
Instructional staff training	1,707,691	1,337,585
Educational media services	3,889,659	3,969,761
Federal grant administration	259,261	490,244
General administration	1,412,023	1,463,979
School administration	27,283,693	29,292,867
Business administration	2,528,493	5,095,461
Maintenance and operation of plant	35,717,510	37,227,770
Student transportation services	23,702,989	25,536,647
Central support services	12,574,989	15,057,302
Other support services	325,033	587,242
Food services operations	19,790,406	18,866,309
Community services operations	2,301,968	1,825,206
Interest on long-term debt	16,438,648	15,625,512
Total expenses	<u>539,721,755</u>	<u>608,582,855</u>
Change in net position	51,303,088	10,521,951
Net position, beginning of year	<u>1,307,798</u>	<u>52,610,886</u>
Net position, end of year	<u>\$ 52,610,886</u>	<u>\$ 63,132,837</u>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Governmental Activities**

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

**Table 3**  
**Costs of Services**

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2019	2020	2019	2020
Instruction	370,820,093	426,694,764	\$ 148,936,516	\$ 202,119,687
Support services:				
Pupil services	12,317,069	15,227,426	7,305,959	10,061,218
Improvement of instructional services	8,652,230	10,284,780	5,864,283	7,674,381
Instructional staff training	1,707,691	1,337,585	1,707,691	1,337,585
Educational media services	3,889,659	3,969,761	(3,095,388)	(3,472,772)
Federal grant administration	259,261	490,244	259,261	490,244
General administration	1,412,023	1,463,979	(4,444,020)	(7,259,452)
School administration	27,283,693	29,292,867	16,201,166	17,527,763
Business administration	2,528,493	5,095,461	2,469,708	5,038,858
Maintenance and operation of plant	35,717,510	37,227,770	19,606,564	20,882,041
Student transportation services	23,702,989	25,536,647	18,755,904	21,174,494
Central support services	12,574,989	15,057,302	8,970,479	10,727,593
Other support services	325,033	587,242	135,549	54,167
Food services operations	19,790,406	18,866,309	284,246	2,952,768
Community services operations	2,301,968	1,825,206	(118,738)	(128,925)
Interest on long-term debt	16,438,648	15,625,512	16,438,648	15,625,512
Total expenditures	<u>\$ 539,721,755</u>	<u>\$ 608,582,855</u>	<u>\$ 239,277,828</u>	<u>\$ 304,805,162</u>

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of \$844.7 million and total expenditures and other financing uses of \$763.8 million.

**Major Funds:**

**General Fund**

The General Fund is the operating fund of the District. Revenue from state and federal sources accounted for 51.0% of the fund's revenues. The other 49.0% is from local sources, primarily ad valorem taxes.

The student population of the district continues to grow. There was an increase in FTE of 1,515 when comparing state QBE allotment sheets for fiscal years 2019 and 2020.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Capital Projects Fund**

The Capital Projects Fund is used to account for school construction and improvement projects. Special Purpose Local Option Sales Tax (SPLOST) and 2020 Bond Proceeds made up the majority of the 2020 revenues. SPLOST funds were transferred to the Debt Services Fund for the payment of bonds which were designated in the SPLOST referendum.

**Other Funds:**

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources and payments of principal and interest for general obligation bond issues of the District. Ad valorem taxes make up the majority of revenues in the Debt Services Fund. The Debt Services millage rate remained at 2.418 mills.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2020, the School District amended its General Fund budget as needed. The School district uses site-based budgeting as a part of the budget process. The budgeting systems are designed to control total site budgets but provide flexibility for the site management.

For the General Fund, the budget basis revenues and other financing sources of \$491.7 million were more than the original budgeted amounts of \$482.8 million by \$8.9 million.

Total budget basis actual total revenues had a \$7.0 million favorable variance when compared to the final budgeted revenue total.

The budget basis actual expenditures of \$479.9 million were more than the original budgeted amount of \$479.3 million by \$0.6 million.

The budget basis actual expenditures had a \$0.6 million favorable variance when compared to the final budgeted expenditures.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Table 4**  
**General Fund**  
**Changes in Fund Balances – Budget and Actual**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
State sources	\$ 249,940,149	\$ 251,860,417	\$ 251,554,050	\$ (306,367)
Federal sources	50,000	50,000	50,209	209
Local sources and other funds	232,601,389	232,687,810	239,220,679	6,532,869
On behalf payments	-	-	770,542	770,542
Total revenues	<u>482,591,538</u>	<u>484,598,227</u>	<u>491,595,480</u>	<u>6,997,253</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	348,835,963	349,616,246	350,055,634	(439,388)
Support services:				
Pupil services	10,093,856	9,803,995	10,351,418	(547,423)
Improvement of instructional services	10,539,466	10,545,224	9,478,844	1,066,380
Instructional staff training	-	38,370	691,825	(653,455)
Educational media services	4,722,212	4,684,901	3,697,704	987,197
General administration	1,094,821	1,094,821	1,384,217	(289,396)
School administration	28,599,837	28,599,837	28,956,931	(357,094)
Business administration	2,604,925	2,628,791	2,823,416	(194,625)
Maintenance and operation of plant	36,227,928	36,216,667	36,176,467	40,200
Student transportation services	23,145,052	22,892,545	20,815,143	2,077,402
Central support services	10,985,125	11,140,438	10,697,676	442,762
Other support services	93,710	103,629	186,867	(83,238)
Food services operations	-	-	68,309	(68,309)
Capital Outlay	-	754,980	747,402	7,578
Debt service:				
Principal retirement	1,355,000	1,355,000	2,648,812	(1,293,812)
Interest and fixed charges	1,015,450	1,015,450	1,083,754	(68,304)
Total expenditures	<u>479,313,345</u>	<u>480,490,894</u>	<u>479,864,419</u>	<u>626,475</u>
Excess of revenues over expenditures	<u>3,278,193</u>	<u>4,107,333</u>	<u>11,731,061</u>	<u>7,623,728</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	250,000	250,000	83,139	(166,861)
Transfers out	-	(910,267)	(1,066,956)	(156,689)
Total of other financing sources (uses)	<u>250,000</u>	<u>(660,267)</u>	<u>(983,817)</u>	<u>(323,550)</u>
Net change in fund balances	3,528,193	3,447,066	10,747,244	7,300,178
<b>FUND BALANCES, beginning of year</b>	<u>65,089,070</u>	<u>65,089,070</u>	<u>65,089,070</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 68,617,263</u>	<u>\$ 68,536,136</u>	<u>\$ 75,836,314</u>	<u>\$ 7,300,178</u>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At fiscal year ended June 30, 2020, the School District had \$1,004 million invested in capital assets, all in governmental activities. Capital assets increased \$119.2 million over the balance at June 30, 2019.

Note F reflects a summary of these balances net of accumulated depreciation.

**Table 5**  
**Capital Assets**  
**(Net of Accumulated Depreciation)**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2020
	Land	\$ 103,852,819
Land Improvements	18,963,290	24,439,993
Construction in Progress	31,963,629	109,819,665
Buildings	679,401,742	705,981,848
Furniture and Equipment	50,945,763	56,711,456
Total	\$ 885,127,243	\$ 1,004,370,377

**Debt**

At fiscal year ended June 30, 2020, the School District had \$637.9 million in bonds outstanding and \$4.6 million in financed purchases outstanding.

Note G summarizes the School District's debt for general obligation bonds and capital leases.

**Table 6**  
**Debt Summary**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2020
	General Obligation Bonds	\$ 487,783,487
Financed Purchases	4,902,942	4,642,110
Total General Long-Term Debt	\$ 492,686,429	\$ 642,591,988

**FORSYTH COUNTY BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

At June 30, 2020, the School District's assigned bond ratings is "AAA" as determined by Standard and Poor's Rating Services and "Aaa" by Moody's Investor Services, Inc. making it one of only two school districts in the State of Georgia to have a AAA rating from both agencies.

**CURRENT ISSUES**

Currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations are as follows:

Locally, the value of the ad valorem tax digest has finally shown growth in the last few years. For fiscal year 2019 the digest showed an increase of 9.86% and for fiscal year 2020 it shows an increase of 8.63%.

The Forsyth County School District is aware of the budgeting challenges due to COVID-19 and state revenue for the fiscal year 2021 budgeting period. Next year the district is opening two new schools and is projected to have an 800+ student enrollment growth. Based on the state-approved budget and any changes to other revenue sources, the board may have to cut expenditures or use fund balance to develop a balanced budget for fiscal year 2021. Both actions were taken for fiscal year 2020.

Capital Improvements - The School District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues, anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education and collections from the Special Purpose Local Option Sales Tax. The School District regularly monitors anticipated capital outlay needs.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Larry Hammel, Chief Financial Officer at Forsyth County School District, 1120 Dahlonega Highway, Cumming, Georgia 30040. You may also email your questions to Mr. Hammel at [lhammel@forsyth.k12.ga.us](mailto:lhammel@forsyth.k12.ga.us).



# FORSYTH COUNTY BOARD OF EDUCATION

## STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 359,054,604
Investments	8,192,421
Receivables:	
Accounts	655,527
Intergovernmental	43,759,438
Interest	5,700
Taxes, net of allowances	9,943,781
Inventory	629,314
Prepaid items	53,893
Capital assets (nondepreciable)	217,237,080
Capital assets (depreciable, net of accumulated depreciation)	787,133,297
Total assets	1,426,665,055
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	3,772,154
Pension related items	153,313,374
OPEB related items	49,083,067
Total deferred outflows of resources	206,168,595
<b>LIABILITIES</b>	
Accounts payable	13,644,483
Retainage payable	9,215,296
Salaries and benefits payable	33,593,811
Accrued interest payable	9,627,799
Unearned revenue	1,114,639
Accrued claims payable due within one year	756,019
Accrued claims payable due in more than one year	562,999
Intergovernmental payable due within one year	1,425,000
Intergovernmental payable due in more than one year	18,850,000
Bonds payable due within one year	30,925,000
Bonds payable due in more than one year	607,024,878
Financed purchases payable due within one year	3,173,700
Financed purchases payable due in more than one year	1,468,410
Net pension liability due in more than one year	445,614,082
Net OPEB liability due in more than one year	305,628,089
Total liabilities	1,482,624,205
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	10,743,544
OPEB related items	76,333,064
Total deferred inflows of resources	87,076,608
<b>NET POSITION</b>	
Net investment in capital assets	506,467,612
Restricted for:	
Capital projects	66,349,334
Debt service	26,439,559
SPLOST programs	15,227,376
Federal programs	205,505
School food services	303,176
Unrestricted	(551,859,725)
Total net position	\$ 63,132,837

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

# FORSYTH COUNTY BOARD OF EDUCATION

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 426,694,764	\$ 72,365	\$ 192,982,623	\$ 31,520,089	\$ (202,119,687)
Support services:					
Pupil services	15,227,426	-	5,156,603	9,605	(10,061,218)
Improvement of instructional services	10,284,780	-	2,586,574	23,825	(7,674,381)
Instructional staff training	1,337,585	-	-	-	(1,337,585)
Educational media services	3,969,761	-	7,061,374	381,159	3,472,772
Federal grant administration	490,244	-	-	-	(490,244)
General administration	1,463,979	-	8,706,517	16,914	7,259,452
School administration	29,292,867	-	11,448,419	316,685	(17,527,763)
Business administration	5,095,461	-	33,832	22,771	(5,038,858)
Maintenance and operation of plant	37,227,770	-	15,663,016	682,713	(20,882,041)
Student transportation services	25,536,647	-	1,827,221	2,534,932	(21,174,494)
Central support services	15,057,302	-	271,017	4,058,692	(10,727,593)
Other support services	587,242	-	533,075	-	(54,167)
Food services operation	18,866,309	8,863,196	5,910,481	1,139,864	(2,952,768)
Community services operation	1,825,206	1,825,206	128,925	-	128,925
Interest on long-term debt	15,625,512	-	-	-	(15,625,512)
Total governmental activities	<u>\$ 608,582,855</u>	<u>\$ 10,760,767</u>	<u>\$ 252,309,677</u>	<u>\$ 40,707,249</u>	<u>(304,805,162)</u>
General revenues:					
Property taxes, levied for general purposes					208,894,879
Property taxes, levied for debt service					29,492,434
Sales taxes					43,201,691
Intangible taxes					9,168,271
Real estate transfer taxes					2,328,053
Title ad valorem tax					16,046,817
Unrestricted investment earnings					2,883,414
Gain on disposal of capital assets					257,074
Other					3,054,480
Total general revenues					<u>315,327,113</u>
Change in net position					10,521,951
Net position, beginning of year					52,610,886
Net position, end of year					<u>\$ 63,132,837</u>

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

# FORSYTH COUNTY BOARD OF EDUCATION

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

ASSETS	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 83,011,989	\$ 230,880,462	\$ 45,162,153	\$ 359,054,604
Investments	-	8,192,421	-	8,192,421
Receivables:				
Accounts	630,781	-	24,746	655,527
Intergovernmental	33,655,058	8,127,287	1,977,093	43,759,438
Taxes, net of allowances	4,456,386	5,055,249	432,146	9,943,781
Interest	-	5,700	-	5,700
Due from other funds	1,256,995	-	850,000	2,106,995
Inventory	442,545	-	186,769	629,314
Prepaid items	53,893	-	-	53,893
Advances to other funds	581,167	-	-	581,167
Total assets	<u>\$ 124,088,814</u>	<u>\$ 252,261,119</u>	<u>\$ 48,632,907</u>	<u>\$ 424,982,840</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 13,328,684	\$ 277,044	\$ 38,755	\$ 13,644,483
Retainage payable	-	9,215,296	-	9,215,296
Salaries and benefits payable	32,288,850	-	1,304,961	33,593,811
Due to other funds	850,000	-	1,256,995	2,106,995
Unearned revenue	-	-	1,114,639	1,114,639
Advances from other funds	-	-	581,167	581,167
Total liabilities	<u>46,467,534</u>	<u>9,492,340</u>	<u>4,296,517</u>	<u>60,256,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,784,966	-	248,739	2,033,705
Unavailable revenue - state grants	-	8,127,287	-	8,127,287
Total deferred inflows of resources	<u>1,784,966</u>	<u>8,127,287</u>	<u>248,739</u>	<u>10,160,992</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	442,545	-	186,769	629,314
Prepaid items	53,893	-	-	53,893
Advances	581,167	-	-	581,167
Restricted:				
Capital projects	-	219,414,116	-	219,414,116
Debt service	-	-	35,818,619	35,818,619
SPLOST programs	-	15,227,376	-	15,227,376
Federal programs	-	-	205,505	205,505
School food services	-	-	116,407	116,407
Committed:				
School activities	-	-	7,760,351	7,760,351
Assigned:				
Subsequent year's budget appropriation of fund balance	22,766,233	-	-	22,766,233
Unassigned	51,992,476	-	-	51,992,476
Total fund balances	<u>75,836,314</u>	<u>234,641,492</u>	<u>44,087,651</u>	<u>354,565,457</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 124,088,814</u>	<u>\$ 252,261,119</u>	<u>\$ 48,632,907</u>	<u>\$ 424,982,840</u>

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

Total fund balances - governmental funds	\$	354,565,457
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Cost	\$ 1,364,078,363	
Less accumulated depreciation	<u>(359,707,986)</u>	1,004,370,377
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		10,160,992
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net pension liability	\$ (445,614,082)	
Pension related deferred outflows of resources	153,313,374	
Pension related deferred inflows of resources	<u>(10,743,544)</u>	(303,044,252)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net OPEB liability	\$ (305,628,089)	
OPEB related deferred outflows of resources	49,083,067	
OPEB related deferred inflows of resources	<u>(76,333,064)</u>	(332,878,086)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (545,520,000)	
Premium, net of amortization	(92,429,878)	
Intergovernmental contract payable	(20,275,000)	
Deferred loss on refunding	3,772,154	
Accrued interest	(9,627,799)	
Accrued claims payable	(1,319,018)	
Financed purchases	<u>(4,642,110)</u>	
		<u>(670,041,651)</u>
	\$	<u>63,132,837</u>

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
State funds	\$ 251,554,050	\$ 12,012,582	\$ 459,494	\$ 264,026,126
Federal funds	50,209	-	17,067,461	17,117,670
Local and other funds	241,045,885	45,242,802	54,570,378	340,859,065
On behalf payments	770,542	-	-	770,542
Total revenues	<u>493,420,686</u>	<u>57,255,384</u>	<u>72,097,333</u>	<u>622,773,403</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	350,055,634	-	19,114,939	369,170,573
Support services:				
Pupil services	10,351,418	-	3,919,706	14,271,124
Improvement of instructional services	9,478,844	-	328,127	9,806,971
Instructional staff training	691,825	-	644,897	1,336,722
Educational media services	3,697,704	-	-	3,697,704
Federal grant administration	-	-	250,929	250,929
General administration	1,384,217	-	50,209	1,434,426
School administration	28,956,931	-	747	28,957,678
Business administration	2,823,416	-	-	2,823,416
Maintenance and operation of plant	36,176,467	-	-	36,176,467
Student transportation services	20,815,143	-	1,742,441	22,557,584
Central support services	10,697,676	-	163,116	10,860,792
Other support services	186,867	-	397,735	584,602
Food services operation	68,309	-	17,934,073	18,002,382
Community services operation	1,825,206	-	-	1,825,206
Capital outlay	747,402	153,824,889	-	154,572,291
Debt service:				
Principal retirement	2,648,812	1,906,206	29,560,000	34,115,018
Interest	1,083,754	58,605	21,010,100	22,152,459
Bond issuance cost	-	554,267	-	554,267
Total expenditures	<u>481,689,625</u>	<u>156,343,967</u>	<u>95,117,019</u>	<u>733,150,611</u>
Excess (deficiency) of revenues over expenditures	<u>11,731,061</u>	<u>(99,088,583)</u>	<u>(23,019,686)</u>	<u>(110,377,208)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	-	147,500,000	-	147,500,000
Premium from bond issuance	-	40,513,981	-	40,513,981
Financed purchase issuance	-	2,939,186	-	2,939,186
Proceeds from sale of capital assets	83,139	223,300	-	306,439
Transfers in	-	-	30,628,556	30,628,556
Transfers out	(1,066,956)	(29,561,600)	-	(30,628,556)
Total other financing sources (uses)	<u>(983,817)</u>	<u>161,614,867</u>	<u>30,628,556</u>	<u>191,259,606</u>
Net change in fund balances	10,747,244	62,526,284	7,608,870	80,882,398
<b>FUND BALANCES, beginning of year</b>	<u>65,089,070</u>	<u>172,115,208</u>	<u>36,478,781</u>	<u>273,683,059</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 75,836,314</u>	<u>\$ 234,641,492</u>	<u>\$ 44,087,651</u>	<u>\$ 354,565,457</u>

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds	\$	80,882,398
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation expense is as follows:

Capital outlay	\$ 156,329,125		
Depreciation expense	(37,036,626)		119,292,499

The net effect of the disposal of capital assets is to decrease net position.

Net book value of assets sold			(49,365)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 409,047		
Federal and state grants	(4,334,718)		(3,925,671)

In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB, and related items.

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$ 34,115,018		
Amortization of bond premium	8,287,590		
Amortization of deferred loss from refunding	(754,431)		
Issuance of long term debt	(150,439,186)		
Premium on long term debt	(40,513,981)		(149,304,990)

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.

Claims payable	\$ 277,422		
Change in accrued interest			
Accrued interest payable, June 30, 2019	9,175,854		
Accrued interest payable, June 30, 2020	(9,627,799)		(174,523)

Change in net position - governmental activities	\$	<u>10,521,951</u>
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**The accompanying notes are an integral part of these financial statements.**

**FORSYTH COUNTY BOARD OF EDUCATION**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
State sources	\$ 249,940,149	\$ 251,860,417	\$ 251,554,050	\$ (306,367)
Federal sources	50,000	50,000	50,209	209
Local sources and other funds	232,601,389	232,687,810	239,220,679	6,532,869
On behalf payments	-	-	770,542	770,542
Total revenues	<u>482,591,538</u>	<u>484,598,227</u>	<u>491,595,480</u>	<u>6,997,253</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	348,835,963	349,616,246	350,055,634	(439,388)
Support services:				
Pupil services	10,093,856	9,803,995	10,351,418	(547,423)
Improvement of instructional services	10,539,466	10,545,224	9,478,844	1,066,380
Instructional staff training	-	38,370	691,825	(653,455)
Educational media services	4,722,212	4,684,901	3,697,704	987,197
General administration	1,094,821	1,094,821	1,384,217	(289,396)
School administration	28,599,837	28,599,837	28,956,931	(357,094)
Business administration	2,604,925	2,628,791	2,823,416	(194,625)
Maintenance and operation of plant	36,227,928	36,216,667	36,176,467	40,200
Student transportation services	23,145,052	22,892,545	20,815,143	2,077,402
Central support services	10,985,125	11,140,438	10,697,676	442,762
Other support services	93,710	103,629	186,867	(83,238)
Food service operations	-	-	68,309	(68,309)
Capital outlay	-	754,980	747,402	7,578
Debt service:				
Principal retirement	1,355,000	1,355,000	2,648,812	(1,293,812)
Interest and fiscal charges	1,015,450	1,015,450	1,083,754	(68,304)
Total expenditures	<u>479,313,345</u>	<u>480,490,894</u>	<u>479,864,419</u>	<u>626,475</u>
Excess of revenues over expenditures	<u>3,278,193</u>	<u>4,107,333</u>	<u>11,731,061</u>	<u>7,623,728</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	250,000	250,000	83,139	(166,861)
Transfers out	-	(910,267)	(1,066,956)	(156,689)
Total other financing sources (uses)	<u>250,000</u>	<u>(660,267)</u>	<u>(983,817)</u>	<u>(323,550)</u>
Net change in fund balances	3,528,193	3,447,066	10,747,244	7,300,178
<b>FUND BALANCES, beginning of year</b>	<u>65,089,070</u>	<u>65,089,070</u>	<u>65,089,070</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 68,617,263</u>	<u>\$ 68,536,136</u>	<u>\$ 75,836,314</u>	<u>\$ 7,300,178</u>

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

**FORSYTH COUNTY BOARD OF EDUCATION**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**AGENCY FUND**

**JUNE 30, 2020**

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	<b>ASSETS</b>	<u>Agency Fund</u>
Cash		\$ 1,664,686
Total assets		<u>\$ 1,664,686</u>
	<b>LIABILITIES</b>	
Due to others		<u>\$ 1,664,686</u>
Total liabilities		<u>\$ 1,664,686</u>

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



**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Forsyth County Board of Education (the “School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“USGAAP”) as applicable to governmental units. The more significant of the School District's accounting policies are summarized below.

**Reporting Entity**

The School District is governed by an elected five member board (the “Board”). Board members are elected by the public and have the authority to make decisions, the power to approve selection of management personnel, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Board determines the millage rate at which school taxes are levied and may incur bonded indebtedness with voters’ approval. The School District has no component units.

**Government-wide and Fund Financial Statements**

The School District’s financial statements have been prepared in accordance with the Governmental Accounting Standards Board Statement 34 - *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*.

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 School 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. However, the School District does not consider any of its activities to be 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 customers or applicants 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide governmental activities and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Property taxes are recognized as revenue in the period for which they were levied, if they are collected within sixty days of year end. All other revenues are also considered to be available when they are collectible within one hundred and eighty days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

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

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

Property taxes, sales taxes, grant revenue, state Quality Basic Education (QBE) revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – (Continued)**

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. The General Fund is used to account for all financial transactions of the School District except those required to be accounted for in another fund.

The Capital Projects Fund accounts for resources which are used exclusively for acquiring school sites, constructing and equipping new school facilities, and renovating existing facilities. The major inflows are sales taxes and bond proceeds.

Additionally, the School District reports the following fund types:

The Agency Fund is used to account for school activity funds that the School District holds for others in an agency capacity.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service.

The School Activity Fund is also reported as a special revenue fund. The School Activity Fund is used to account for funds collected primarily through the fund raising efforts of the individual schools. Each school's principal is responsible, under the authority of the School District, for collecting, controlling, disbursing, and accounting for his or her school's funds. All resources of the fund, including any earnings on invested resources, have been committed by the Board of Education to be used to support the schools' activities.

The special revenue funds are used to account for federal and state funded grants and school food service operations.

The effect of interfund activity has been eliminated from the government-wide financial statements.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the 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.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Inventories**

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

**Interfund Receivables and Payables**

During the course of its operations, the School District makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year end, balances of interfund amounts receivable or payable have been recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities in the government-wide statement of net position and depreciated over their estimated useful lives in the government-wide statement of activities. Capital assets are defined by the School District as assets with an initial, individual cost of \$10,000 and useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. However, all additions to land and buildings are capitalized. Items such as furniture and computer equipment purchased in groups costing more than \$10,000 are capitalized by type as a group. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20-40
Buildings	25-50
Building improvements	10-30
Vehicles	8-15
Equipment	5-20

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Compensated Absences**

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

Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bond issuance costs are reported as expenses in the period during which the debt is issued.

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

**Deferred Outflows/Inflows 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 position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, is for the unavailable revenues from property taxes and state grants. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and state grants, as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item that qualifies for reporting in this category occurs only in the governmental activities. The Governmental Activities Report (1) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary, which will be amortized over the remaining service period; (2) a deferred inflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period; and (3) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Deferred Outflows/Inflows of Resources – (Continued)**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has several items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of 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. The other items all relate to the reporting of the net pension and net OPEB liability reported in the government-wide statement of net position. Governmental Activities report (1) a deferred outflow of resources for the District's actual contributions to the pension plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2021; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions in the net pension liability and net OPEB liability that will be amortized over the remaining service period; (4) a deferred outflow of resources for the change in the District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (5) a deferred outflow of resources for the District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2021; (6) a deferred outflow of resources for the change in the District's proportionate share based on actual contributions towards the school OPEB plan, which will be amortized over the remaining service period; and (7) a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period.

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

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Fund Equity - (Continued)**

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or 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 members through the adoption of a resolution. Only the Board Members may modify or rescind the commitment, also through a resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the Board’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board Members have authorized the Board’s Superintendent and Chief Financial Officer 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 Board reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

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

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Pensions**

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

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

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability (asset), 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 District 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.

**Use of Estimates in the Preparation of Financial Statements**

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

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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



**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)**

The School District employs encumbrance accounting. However, all appropriations lapse at year end and encumbrances are rebudgeted in the subsequent year.

The following functions had excess of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2020:

Instruction:	\$	439,388
Support services:		
Pupil services		547,423
Instructional staff training		653,455
General administration		289,396
School administration		357,094
Business administration		194,625
Other support services		83,238
Food service operations		68,309
Debt service - principal retirement		1,293,812
Debt service - interest and fiscal charges		68,304

These over expenditures were funded with savings in other functional expenditures.

**Budgetary/GAAP Basis Reconciliation**

In the General Fund, accounting principles used in developing the budget on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP). The following table includes the items that were not considered in the budget period and are needed to reconcile the General Fund budget to the amounts reported in accordance with GAAP.

The accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund is reconciled as follows:

Actual Revenues GAAP Basis	\$	493,420,686
Community Service Activity (not budgeted)		(1,825,206)
Actual Revenues, Budgetary Basis	\$	491,595,480
Expenditures GAAP Basis	\$	481,689,625
Community Service Activity (not budgeted)		(1,825,206)
Actual Expenditures, Budgetary Basis	\$	479,864,419
Net Change in Fund Balance, Budgetary Basis	\$	10,747,244
Net Change in Fund Balance, GAAP Basis	\$	10,747,244

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE C - DEPOSITS AND INVESTMENTS**

Total deposits as of June 30, 2020 are summarized as follows:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Deposits with Financial Institutions	---	\$ 155,174,603
United States Treasuries	184 days	8,192,421
Georgia Fund 1 - cash equivalents	38 days	205,544,687
Total		<u>\$ 368,911,711</u>
As reported in the Statement of Net Position:		
Cash and cash equivalents		\$ 359,054,604
Investments		8,192,421
Agency fund - Statement of Assets and Liabilities		1,664,686
Total		<u>\$ 368,911,711</u>

**Composition**

Cash consists of deposits (including certificates of deposit, savings accounts and interest bearing checking accounts) in authorized financial institutions. Georgia Law authorizes the School District to deposit its funds in one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations. The placement of proceeds from bond issues in certificates of deposits is limited to financial institutions located within this state.

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

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

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial credit risk.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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) to be covered by depository insurance or pledged securities. 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, 2020, the financial institution holding all of the District's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and 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, 2020, all of the District's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

**Credit risk.** State statutes and the District's policies 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. The District does not have a credit rating policy which provides restrictions or limitations on credit ratings for the District's investments.

**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.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)**

The District's recurring fair value measurements as of June 30, 2020 are as follow:

<u>Investment</u>	<u>Level 1</u>	<u>Fair Value</u>
United States Treasuries	\$ 8,192,421	\$ 8,192,421
Total investments measured at fair value	<u>\$ 8,192,421</u>	<u>8,192,421</u>
Investments not subject to level disclosure:		
Georgia Fund 1		<u>205,544,687</u>
Total investments		<u>\$ 213,737,108</u>

The United States Treasuries classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for the investment.

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 within the fair value hierarchy.

**NOTE D - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of grant reimbursements due from federal, state or other grantors for expenditures made but not yet reimbursed. The Georgia Department of Education is the primary government agency that grants are due from as of June 30, 2020.

**NOTE E - TAXES RECEIVABLE**

Taxes receivable include property taxes and sales taxes due to the School District. Property taxes were levied on August 14, 2019, based on property values assessed as of January 1, 2019, and were payable on or before November 15, 2019. An interest penalty of 10% per annum is charged on property taxes paid after that date. Property tax receivables are shown net of an allowance for uncollectibles of \$41,802 in the General Fund and \$5,700 in the Debt Service Fund.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE F - CAPITAL ASSETS**

Changes in capital assets used in the School District's governmental activities during the year ended June 30, 2020 were as follows:

	<b>Balances July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balances June 30, 2020</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 103,852,819	\$ 3,564,596	\$ -	\$ -	\$ 107,417,415
Construction in progress	31,963,629	97,636,703	-	(19,780,667)	109,819,665
Total	<u>135,816,448</u>	<u>101,201,299</u>	<u>-</u>	<u>(19,780,667)</u>	<u>217,237,080</u>
Capital assets, being depreciated:					
Land improvements	42,183,167	2,708,365	-	4,568,010	49,459,542
Buildings	894,127,322	34,591,435	-	15,212,657	943,931,414
Furniture and equipment	156,843,209	17,828,026	(21,220,908)	-	153,450,327
Total	<u>1,093,153,698</u>	<u>55,127,826</u>	<u>(21,220,908)</u>	<u>19,780,667</u>	<u>1,146,841,283</u>
Less accumulated depreciation for:					
Land improvements	(23,219,877)	(1,799,672)	-	-	(25,019,549)
Buildings	(214,725,580)	(23,223,986)	-	-	(237,949,566)
Furniture and equipment	(105,897,446)	(12,012,968)	21,171,543	-	(96,738,871)
Total	<u>(343,842,903)</u>	<u>(37,036,626)</u>	<u>21,171,543</u>	<u>-</u>	<u>(359,707,986)</u>
Total capital assets, being depreciated, net	<u>749,310,795</u>	<u>18,091,200</u>	<u>(49,365)</u>	<u>19,780,667</u>	<u>787,133,297</u>
Governmental activities capital assets, net	<u>\$ 885,127,243</u>	<u>\$ 119,292,499</u>	<u>\$ (49,365)</u>	<u>\$ -</u>	<u>\$ 1,004,370,377</u>

Depreciation expense was charged to the functions as follows:

Instruction	\$ 30,037,123
Support services:	
Pupil services	85,199
General administration	2,501
Business administration	24,099
Maintenance and operation of plant	591,828
Student transportation services	2,290,067
Central support services	3,645,262
Food services	360,547
	<u>\$ 37,036,626</u>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE G - LONG TERM DEBT**

The following is a summary of long-term debt activity of the School District for the year ended June 30, 2020:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Bonds payable	\$ 427,580,000	\$ 147,500,000	\$ (29,560,000)	\$ 545,520,000	\$ 30,925,000
Bond premiums	60,203,487	40,513,981	(8,287,590)	92,429,878	-
Bonds payable, net	487,783,487	188,013,981	(37,847,590)	637,949,878	30,925,000
Intergovernmental payable	21,630,000	-	(1,355,000)	20,275,000	1,425,000
Financed purchases	4,902,942	2,939,186	(3,200,018)	4,642,110	3,173,700
Net pension liability	368,358,469	130,654,306	(53,398,693)	445,614,082	-
Net OPEB liability	302,526,410	42,882,190	(39,780,511)	305,628,089	-
Claims payable	1,596,440	965,586	(1,243,008)	1,319,018	756,019
Total governmental activities long-term liabilities	<u>\$ 1,186,797,748</u>	<u>\$ 365,455,249</u>	<u>\$ (136,824,820)</u>	<u>\$ 1,415,428,177</u>	<u>\$ 36,279,719</u>

**Bonds**

The District has issued various general obligation bonds for the purpose of financing construction projects of the District. The outstanding issues are as follows:

<b>Issuance</b>	<b>Interest Rates</b>	<b>Maturity</b>	<b>Amount Outstanding</b>
Series 2013	4.00 - 5.00%	February 1, 2025	\$ 90,355,000
Series 2014	4.00 - 5.00%	February 1, 2033	81,605,000
Series 2016	5.00%	February 1, 2033	87,650,000
Series 2018	5.00%	February 1, 2038	138,410,000
Series 2020	5.00%	February 1, 2038	147,500,000
			<u>\$ 545,520,000</u>

In the fiscal year 2013, the School District issued \$134,715,000 of general obligation refunding bonds, Series 2013, for the purpose of advance refunding a portion of the balance of the Series 2005 general obligation bonds. The bonds were issued on May 16, 2013 with a premium of \$30,949,906 and interest rates ranging from 4% to 5%. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The reacquisition price exceeded the net carrying amount of the old debt by \$9,053,171. This amount is being amortized over the remaining life of the refunding bonds. The refunding was undertaken to reduce total debt service payments by \$24,593,775 and resulted in an economic gain and a present value cash flow of \$22,128,494. The proceeds from the refunding bonds were placed into trust, along with certain amounts held in sinking funds, to pay the principal and interest on the refunded bonds as they become due. The amount of outstanding bonds that is considered defeased at June 30, 2020 was \$99,305,000.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE G - LONG TERM DEBT – (CONTINUED)**

**Bonds – (Continued)**

In the fiscal year 2015, the School District issued \$94,170,000 of general obligation bonds, Series 2014, for the purposes of funding construction projects for the School District. The bonds were issued October 23, 2014 with a premium of \$15,007,792 and interest rates ranging from 4% to 5%. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The interest payments are due semiannually beginning February 1, 2015 and principal payments beginning in 2018. The bonds are scheduled to mature on February 1, 2033.

In the fiscal year 2016, the School District issued \$100,830,000 of general obligation bonds, Series 2016, for the purposes of funding construction projects for the District. The bonds were issued February 11, 2016 with a premium of \$23,180,790 and an interest rate of 5%. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The interest payments are due semiannually beginning August 1, 2016 and principal payments beginning in 2018. The bonds are scheduled to mature on February 1, 2033.

In the fiscal year 2019, the School District issued \$147,500,000 of general obligation bonds, Series 2018, for the purposes of funding construction projects for the District. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued July 31, 2018 with a premium of \$24,187,575 and an interest rate of 5%. The principal and interest payments are due semiannually beginning February 1, 2019. The bonds are scheduled to mature on February 1, 2038.

In the fiscal year 2020, the School District issued \$147,500,000 of general obligation bonds, Series 2020, for the purposes of funding construction projects for the District. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued April 14, 2020 with a premium of \$40,513,981 and an interest rate of 5%. The principal and interest payments are due semiannually beginning February 1, 2022. The bonds are scheduled to mature on February 1, 2038.

At June 30, 2020, principal and interest payments due by fiscal year for the District’s Bonds are as follows:

<b>Fiscal Year</b>				
<b>Ending June 30,</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
2021	\$ 30,925,000		\$ 25,408,114	\$ 56,333,114
2022	38,020,000		25,357,350	63,377,350
2023	39,815,000		23,456,350	63,271,350
2024	41,705,000		21,465,600	63,170,600
2025	43,710,000		19,380,350	63,090,350
2026-2030	140,195,000		72,723,900	212,918,900
2031-2035	142,780,000		36,121,200	178,901,200
2036-2038	68,370,000		6,951,000	75,321,000
<b>Total</b>	<b>\$ 545,520,000</b>		<b>\$ 230,863,864</b>	<b>\$ 776,383,864</b>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE G - LONG TERM DEBT – (CONTINUED)**

**Intergovernmental Payable from Direct Borrowing**

On July 1, 2016, the Forsyth County Public Facilities Authority (the “PFA”) issued Revenue Bonds (Forsyth County School District Project), Series 2016 in the aggregate principal amount of \$25,320,000. The proceeds from the sale of the Series 2016 bonds were used for the purpose of (a) financing the acquisition, construction and equipping of a high school and (b) paying the costs of issuing bonds.

The Series 2016 bonds are limited obligations of the PFA payable solely from amounts paid to the PFA pursuant to an intergovernmental contract, dated as of July 1, 2016, between the PFA and the District. Under the contract, the PFA agreed to issue the Series 2016 bonds and remit payment of the proceeds from the sale of the bonds to the District. This payment totaled \$30,293,992 when the proceeds from the bonds (less the costs of issuance) were combined with the original issue premium of \$4,973,992. The District has agreed to (a) acquire, construct, equip and operate the high school, (b) pay the PFA amounts sufficient to enable the PFA to pay the debt service on the Series 2016 bonds, and (c) levy an ad valorem property tax, limited to 20 mills, on all property in the District subject to such tax in order to make the payments to the PFA. Accordingly, the District has recorded the outstanding principal balance of the Series 2016 bonds as an intergovernmental payable to the PFA.

The bonds bear interest at rates ranging from 2.0% - 5.0% and interest payments are due on February 1 and August 1 of each year, commencing on February 1, 2017. Principal payments are due annually, also commencing on February 1, 2017 until the bonds mature in 2031. The District’s debt service requirements to maturity on the intergovernmental payable are as follows:

<b>Fiscal Year</b>				
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>		<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ 1,425,000		\$ 947,700	\$ 2,372,700
2022	1,500,000		876,450	2,376,450
2023	1,575,000		801,450	2,376,450
2024	1,655,000		722,700	2,377,700
2025	1,740,000		639,950	2,379,950
2026-2030	10,090,000		1,823,400	11,913,400
2031	2,290,000		91,600	2,381,600
Total	<u>\$ 20,275,000</u>		<u>\$ 5,903,250</u>	<u>\$ 26,178,250</u>



**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE G - LONG TERM DEBT – (CONTINUED)**

**Financed Purchase from Direct Borrowing**

The School District has entered into financed purchases for the acquisition of computer equipment. These purchases carries interest rates ranging from 2.57% - 4.10%. The District’s debt service requirements to maturity on the financed purchases are as follows:

<b>Fiscal Year</b>				
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2021	\$ 3,173,700	\$ 152,226	\$	3,325,926
2022	719,467	60,159		779,626
2023	748,943	30,683		779,626
Total	<u>\$ 4,642,110</u>	<u>\$ 243,068</u>	<u>\$</u>	<u>4,885,178</u>

As of June 30, 2020 the School District has various computers with original cost of \$8,402,184 and accumulated depreciation of \$4,010,429 which are currently financed under a financed purchase agreement. The current year amortization expense for the assets is included in the depreciation expense for capital assets.

**NOTE H - INTERFUND TRANSACTIONS**

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 transactions as of the year ended June 30, 2020 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
Nonmajor Govt Funds	General Fund	\$ 850,000
General Fund	Nonmajor Govt Funds	1,256,995
		<u>\$ 2,106,995</u>

This advance from the General Fund to the School Activity Fund is the result of the General Fund advancing funds for start-up operating costs for school activities at the new schools. The balance is expected to be repaid in annual installments equal to one-fifth of the balance over the next five years. Interfund advances as of the year ended June 30, 2020 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Govt Funds	\$ 581,167

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE H - INTERFUND TRANSACTIONS (CONTINUED)**

Transfers are used to (1) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) move SPLOST proceeds from the Capital Projects Fund to Debt Service Fund to fund debt service as allowed in the referendum. Interfund transfers for the year ended June 30, 2020 are as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
Nonmajor Govt Funds	General Fund	\$ 1,066,956
Nonmajor Govt Funds	Capital Projects Fund	29,561,600
		\$ 30,628,556

**NOTE I - OPERATING LEASES**

The School District is committed under various leases for equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year totaled \$782,598. Future minimum lease payments on these leases are as follows:

<b>Fiscal Year Ending June 30,</b>	
2021	\$ 795,192
2022	795,192
2023	795,192
2024	795,192
2025	66,266
Total	\$ 3,247,034

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE J - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The School District is self-insured for workers' compensation and unemployment claims. The School District purchases commercial insurance for all other risks of loss. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years. There was no significant reduction in insurance coverage since last fiscal year.

**Workers' Compensation Claims**

The School District is self-insured for workers' compensation claims. The School District accounts for workers' compensation claims in the General Fund. Workers' compensation claims expenditures and liability are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported and related claims administration expenses. Changes in the workers' compensation claims liability during the last two fiscal years are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims Accrual</u>	<u>Claims Paid</u>	<u>End of year Liability</u>	<u>Due Within One Year</u>
2020	\$ 1,066,341	\$ 853,970	\$ 601,293	\$ 965,586	\$ 579,352
2019	\$ 694,264	\$ 962,154	\$ 590,077	\$ 1,066,341	\$ 639,805

**Unemployment Claims**

The School District is self insured with regard to unemployment compensation claims. These claims are accounted for in the School District's General Fund. Unemployment compensation expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported and claims administration expenses. Changes in the unemployment compensation liability during the last two fiscal years are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims Accrual</u>	<u>Claims Paid</u>	<u>End of year Liability</u>
2020	\$ -	\$ 9,713	\$ 9,713	\$ -
2019	\$ -	\$ 6,765	\$ 6,765	\$ -

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE K - RETIREMENT PLANS**

**General Information About the Teachers Retirement System of Georgia (TRS)**

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

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2020. The School District's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School District payroll. District contributions to TRS were \$57,923,246 for the year ended June 30, 2020.

**FORSYTH COUNTY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE K - RETIREMENT PLANS – (CONTINUED)**

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

At June 30, 2020, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District’s proportionate share of the net pension liability	\$	445,614,082
State of Georgia’s proportionate share of the net pension liability associated with the School District		336,947
Total	\$	445,951,029

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the School District’s proportion was 2.072363%, which was an increase of 0.087902% from its proportion measured as of June 30, 2018.

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

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

For the year ended June 30, 2020, the School District recognized pension expense of \$89,380,630 and revenue of \$28,446 for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 10,611,431
Experience differences	25,117,081	132,113
Assumption changes	42,762,485	
Changes in proportion and differences between School District contributions and proportionate share of contributions	27,510,562	-
School District contributions subsequent to the measurement date	57,923,246	-
<b>Total</b>	<b>\$ 153,313,374</b>	<b>\$ 10,743,544</b>

School District contributions subsequent to the measurement date of \$57,923,246 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2021	\$ 34,410,651
2022	12,395,757
2023	19,857,646
2024	17,982,530
<b>Total</b>	<b>\$ 84,646,584</b>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

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

*Actuarial assumptions:* The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

Postretirement mortality rates were based on the 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) for service retirements and dependent beneficiaries. The RP-2000 Disable Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return on assets (discount rate), which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation, which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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 on the following page.

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(0.10)%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
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%, which was a decrease from the discount rate of 7.50% utilized in the previous valuation. 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.

**Sensitivity of the School District’s proportionate share of the net pension liability to changes in the discount rate:** The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School District's proportionate share of the net pension liability	\$ 723,362,077	\$ 445,614,082	\$ 217,206,542

**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 [www.trsga.com/publications](http://www.trsga.com/publications).



**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

**General Information About the Public School Employees Retirement System (PSERS)**

**Plan description:** PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/formspubs/formspubs](http://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 \$15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

**General Information About the Public School Employees Retirement System (PSERS) – (Continued)**

*Pension Liabilities and Pension Expense*

At June 30, 2020, the School District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State’s proportionate share of the net pension liability associated with the School District is as follows:

State of Georgia’s proportionate share of the Net Pension Liability associated with the School District	\$ <u>4,667,012</u>
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The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The State’s proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$1,439,249 and revenue of \$1,439,249 for support provided by the State of Georgia.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Postretirement benefit increase	1.50% semi-annually

Postretirement mortality rates were based on 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) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the system. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

**FORSYTH COUNTY BOARD OF EDUCATION**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

**General Information About the Public School Employees Retirement System (PSERS) – (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, 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%	(0.10)%
Domestic large stocks	46.20	8.90
Domestic small stocks	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

\* Rates shown are net of the 2.75% assumed rate of inflation

**Discount rate:** The discount rate used to measure the total pension liability was 7.30%. 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.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE K - RETIREMENT PLANS – (CONTINUED)**

**Deferred Compensation Plan**

Beginning January 1, 1996, the School District established a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The Plan is available to all employees who are not eligible to participate in the Teachers' Retirement System of Georgia and permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Contributions to the Plan are invested exclusively in annuity contracts issued by the Variable Annuity Life Insurance Company (VALIC) and any other life insurance companies approved by the School District for use in the Plan and approved for sale in Georgia in the employees' name. The assets are held by VALIC and not recorded in these financial statements.

The School District will match eligible participants' contributions up to 4% of their salary. Employee annual contributions are limited to maximums established by Internal Revenue Service guidelines. For the years ended June 30, 2020, 2019, and 2018, the School District contributed \$355,905, \$329,282, and \$322,250, respectively, to the Plan on behalf of its employees. For the years ended June 30, 2020, 2019, and 2018, employees contributed \$559,077, \$525,809, and \$502,063, respectively, to the plan.

**NOTE L - CONTINGENCIES AND COMMITMENTS**

**Grant Programs**

The School 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 audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectibility of any related receivable at year-end may be impaired. In the opinion of the School 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 accompanying financial statements for such contingencies.

**Litigation**

The School District is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of School District operations. The School District has determined some of these cases are probable of a loss. The School District has recorded a liability of \$353,432 for contingent liabilities that are probable of loss.

**Commitments**

The School District has outstanding construction commitments of \$90,532,476 as of June 30, 2020. This amount is not reflected in the basic financial statements.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE M - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

The School District has recognized revenue and expenditures in the amount of \$770,542 for retirement contributions and health insurance premiums paid on the School District's behalf as follows:

Paid by the Office of Treasury and Fiscal Services to the Public School Employees Retirement System (PSERS) for Public School Employees Retirement in the amount of \$736,752.

Paid by the Georgia Department of Education to the Teachers Retirement System (TRS) for Teachers Retirement in the amount of \$33,790.

**NOTE N - POSTEMPLOYMENT BENEFITS**

**Georgia School Personnel Employees Postemployment Health Benefit Fund**

**Plan Description:** The Board 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 Board 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 Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

**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 Board were \$8,706,827 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

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

At June 30, 2020, the Board reported a liability of \$305,628,089 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The Board’s proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2019. At June 30 2019, the Board’s proportion was 2.490421%, which was an increase of 0.110140% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Board recognized OPEB expense of \$13,447,840. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ 665,565	\$ -
Changes in proportion and differences between Board contributions and proportionate share of contributions	29,096,809	-
Changes in plan assumptions	10,613,866	43,083,910
Experience differences	-	33,249,154
Board contributions subsequent to the measurement date	8,706,827	-
Total	\$ 49,083,067	\$ 76,333,064

Board contributions subsequent to the measurement date of \$8,706,827 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending June 30:</b>	
2021	\$ (8,421,383)
2022	(8,421,383)
2023	(8,446,968)
2024	(7,221,437)
2025	(3,214,343)
Thereafter	(231,310)
Total	\$ (35,956,824)

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

**Actuarial assumptions:**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 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, 2019:

Inflation	2.75%
Salary Increases	TRS – 3.00-8.75%, including inflation PSERS – N/A
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	7.25%
Medicare eligible	5.375%
Ultimate trend rate	
Pre-Medicare eligible	4.75%
Medicare eligible	4.75%
Year of ultimate trend rate	
Pre-Medicare eligible	2028
Medicare eligible	2022

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 RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and 4 years for females) was used for death after disability retirement.
- For PSERS Members: 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) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014 and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 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.

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

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Fixed income	30.00%	(0.10)%
Domestic stocks - large cap	46.20	8.90
Domestic stocks - small cap	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	100.00%	

\* Rates shown are net of inflation



**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

**Discount rate:**

The discount rate has changed since the prior measurement date from 3.87% to 3.58%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% 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 (3.58% per the Bond Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions 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 2119. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Board’s proportionate share of the net OPEB liability to changes in the discount rate:**

The following presents the Board’s proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the Board’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	<b>1% Decrease (2.58%)</b>	<b>Current discount rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Board's proportionate share of the net OPEB liability	\$ 355,240,714	\$ 305,628,089	\$ 265,270,444

**FORSYTH COUNTY BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

**Sensitivity of the Board’s proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:**

The following presents the Board’s proportionate share of the net OPEB liability, as well as what the Board’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:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Board's proportionate share of the net OPEB liability	\$ 257,459,284	\$ 305,628,089	\$ 366,806,125

Detailed information about the OPEB plan’s fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR), which is publicly available at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	2.072363%	1.984461%	1.915556%	1.840065%	1.791631%	1.715709%
School District's proportionate share of the net pension liability	\$ 445,614,082	\$ 368,358,469	\$ 356,011,983	\$ 379,625,926	\$ 272,758,029	\$ 216,757,202
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>336,947</u>	<u>384,793</u>	<u>430,622</u>	<u>482,768</u>	<u>360,504</u>	<u>303,335</u>
Total	<u>\$ 445,951,029</u>	<u>\$ 368,743,262</u>	<u>\$ 356,442,605</u>	<u>\$ 380,108,694</u>	<u>\$ 273,118,533</u>	<u>\$ 217,060,537</u>
School District's covered payroll	\$ 252,913,388	\$ 236,362,475	\$ 219,950,252	\$ 202,223,069	\$ 189,117,141	\$ 189,374,053
School District's proportionate share of the net pension liability as a percentage of its covered payroll	176.19%	155.84%	161.86%	187.73%	144.23%	114.46%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 57,923,246	\$ 52,858,898	\$ 39,732,532	\$ 31,386,901	\$ 28,857,232	\$ 24,868,904	\$ 21,494,467
Contributions in relation to the contractually required contributions	<u>57,923,246</u>	<u>52,858,898</u>	<u>39,732,532</u>	<u>31,386,901</u>	<u>28,857,232</u>	<u>24,868,904</u>	<u>21,494,467</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 273,998,325	\$ 252,913,388	\$ 236,362,475	\$ 219,950,252	\$ 202,223,069	\$ 189,117,141	\$ 189,374,053
Contributions as a percentage of covered payroll	21.14%	20.90%	16.81%	14.27%	14.27%	13.15%	11.35%

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

**FORSYTH COUNTY BOARD OF EDUCATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

**PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA**

**FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>4,667,012</u>	<u>4,213,692</u>	<u>3,647,269</u>	<u>4,671,562</u>	<u>2,968,319</u>	<u>2,474,142</u>
Total	<u>\$ 4,667,012</u>	<u>\$ 4,213,692</u>	<u>\$ 3,647,269</u>	<u>\$ 4,671,562</u>	<u>\$ 2,968,319</u>	<u>\$ 2,474,142</u>
School District's covered payroll	\$ 17,815,433	\$ 16,412,436	\$ 14,561,899	\$ 13,666,269	\$ 12,941,258	\$ 12,019,629
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.02%	85.26%	85.69%	81.00%	87.00%	88.29%

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

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

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	2020	2019	2018
Board's proportion of the net OPEB liability	2.490421%	2.380281%	2.298586%
Board's proportionate share of the net OPEB liability	\$ 305,628,089	\$ 302,526,410	\$ 322,950,408
Total	\$ 305,628,089	\$ 302,526,410	\$ 322,950,408
Board's covered payroll	\$ 230,064,148	\$ 198,472,527	\$ 181,013,656
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	132.84%	152.43%	178.41%
Plan fiduciary net position as a percentage of the total OPEB liability	4.63%	2.93%	1.61%

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

**FORSYTH COUNTY BOARD OF EDUCATION**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
SCHOOL OPEB FUND  
FOR THE FISCAL YEAR ENDED JUNE 30**

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	2020	2019	2018
Contractually required contributions	\$ 8,706,827	\$ 13,412,642	\$ 12,336,767
Contributions in relation to the contractually required contributions	<u>8,706,827</u>	<u>13,412,642</u>	<u>12,336,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 235,055,916	\$ 230,064,148	\$ 198,472,527
Contributions as a percentage of covered payroll	3.70%	5.83%	6.22%

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

# FORSYTH COUNTY BOARD OF EDUCATION

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### **Teachers Retirement System of Georgia:**

**Changes of assumptions :** In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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 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 on assets (discount rate) was changed from 7.5% to 7.25%, and the assumed annual rate of inflation was changed from 2.75%

### **Public School Employees Retirement System of Georgia:**

**Changes of assumptions :** In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

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).

On March 15, 2018, the Board adopted a new funding policy. 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. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

### **School OPEB Fund:**

**Changes of assumptions:** The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB funds and anticipated participation percentages. Current and former employees of state organizations (including technical colleges, community service boards and public health departments) are now assigned to State OPEB fund based on their last employer payroll location; irrespective of retirement affiliation. The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017 to 3.87% of June 30, 2018, and back to 3.58% as of June 30, 2019.

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

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.



# **FORSYTH COUNTY BOARD OF EDUCATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

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### **SPECIAL REVENUE FUNDS**

#### **SCHOOL ACTIVITY**

To account for funds collected primarily through the fundraising efforts of individual schools, which have been committed by the Board.

#### **FEDERAL PROGRAMS**

To account for federal and state funded grants. These grants are awarded to the School District for the purpose of accomplishing specific educational tasks as defined in the grant agreements. This fund also contains several locally funded programs whose expenditures are limited to specified purposes.

#### **SCHOOL FOOD SERVICES**

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

### **DEBT SERVICE FUND**

#### **DEBT SERVICE**

To account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service.

**FORSYTH COUNTY BOARD OF EDUCATION**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

ASSETS	Special Revenue Funds				
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	Nonmajor Governmental Funds
Cash and cash equivalents	\$ 8,341,518	\$ -	\$ 1,185,423	\$ 35,635,212	\$ 45,162,153
Receivables:					
Accounts	-	-	24,746	-	24,746
Intergovernmental	-	1,977,093	-	-	1,977,093
Taxes, net of allowances	-	-	-	432,146	432,146
Due from other funds	-	-	850,000	-	850,000
Inventory	-	-	186,769	-	186,769
Total assets	<u>\$ 8,341,518</u>	<u>\$ 1,977,093</u>	<u>\$ 2,246,938</u>	<u>\$ 36,067,358</u>	<u>\$ 48,632,907</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 38,755	\$ -	\$ -	\$ 38,755
Salaries and benefits payable	-	475,838	829,123	-	1,304,961
Due to other funds	-	1,256,995	-	-	1,256,995
Unearned revenue	-	-	1,114,639	-	1,114,639
Advances from other funds	581,167	-	-	-	581,167
Total liabilities	<u>581,167</u>	<u>1,771,588</u>	<u>1,943,762</u>	<u>-</u>	<u>4,296,517</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	-	-	-	248,739	248,739
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,739</u>	<u>248,739</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	-	-	186,769	-	186,769
Restricted:					
Federal programs	-	205,505	-	-	205,505
Debt service	-	-	-	35,818,619	35,818,619
School food services	-	-	116,407	-	116,407
Committed:					
School activities	7,760,351	-	-	-	7,760,351
Total fund balances	<u>7,760,351</u>	<u>205,505</u>	<u>303,176</u>	<u>35,818,619</u>	<u>44,087,651</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,341,518</u>	<u>\$ 1,977,093</u>	<u>\$ 2,246,938</u>	<u>\$ 36,067,358</u>	<u>\$ 48,632,907</u>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds				
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	Nonmajor Governmental Funds
<b>REVENUES</b>					
State funds	\$ -	\$ 50,000	\$ 409,494	\$ -	\$ 459,494
Federal funds	-	11,568,964	5,498,497	-	17,067,461
Local and other funds	14,794,617	65,250	8,863,196	30,847,315	54,570,378
Total revenues	<u>14,794,617</u>	<u>11,684,214</u>	<u>14,771,187</u>	<u>30,847,315</u>	<u>72,097,333</u>
<b>EXPENDITURES</b>					
Instruction	14,750,765	4,364,174	-	-	19,114,939
Support services:					
Pupil services	-	3,919,706	-	-	3,919,706
Improvement of instructional services	-	328,127	-	-	328,127
Instructional staff training	-	644,897	-	-	644,897
Federal grant administration	-	250,929	-	-	250,929
General administration	-	50,209	-	-	50,209
School administration	-	747	-	-	747
Student transportation services	-	1,742,441	-	-	1,742,441
Central support services	-	163,116	-	-	163,116
Other support services	-	397,735	-	-	397,735
Food services operation	-	-	17,934,073	-	17,934,073
Debt service:					
Principal retirement	-	-	-	29,560,000	29,560,000
Interest	-	-	-	21,010,100	21,010,100
Total expenditures	<u>14,750,765</u>	<u>11,862,081</u>	<u>17,934,073</u>	<u>50,570,100</u>	<u>95,117,019</u>
Excess (deficiency) of revenues over expenditures	<u>43,852</u>	<u>(177,867)</u>	<u>(3,162,886)</u>	<u>(19,722,785)</u>	<u>(23,019,686)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	216,956	850,000	29,561,600	30,628,556
Total other financing sources	<u>-</u>	<u>216,956</u>	<u>850,000</u>	<u>29,561,600</u>	<u>30,628,556</u>
Net change in fund balances	43,852	39,089	(2,312,886)	9,838,815	7,608,870
<b>FUND BALANCES, beginning of year</b>	<u>7,716,499</u>	<u>166,416</u>	<u>2,616,062</u>	<u>25,979,804</u>	<u>36,478,781</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 7,760,351</u>	<u>\$ 205,505</u>	<u>\$ 303,176</u>	<u>\$ 35,818,619</u>	<u>\$ 44,087,651</u>

**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>SPLOST IV</b>					
	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
The cost of acquiring land for future schools, instructional and administrative technology improvements for existing schools, and school buses, adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal, all at a maximum cost of \$53,624,925.	\$ 53,624,925	\$ 53,624,925	\$ 28,770,773	\$ 14,044,004	\$ 42,814,777
The cost of retiring a portion of the School District's General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2007, by paying or making provision for the payment of the principal and interest on such bonds coming due on December 1 2012 through August 1, 2017, in the maximum amount of \$141,375,075.	<u>141,375,075</u>	<u>121,752,412</u>	<u>121,752,412</u>	<u>-</u>	<u>121,752,412</u>
	<u>\$ 195,000,000</u>	<u>\$ 175,377,337</u>	<u>\$ 150,523,185</u>	<u>\$ 14,044,004</u>	<u>\$ 164,567,189</u>
<b>SPLOST V</b>					
	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
The cost of acquiring land for future schools, instructional and administrative technology improvements for existing schools, and school buses, adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal, all at a maximum cost of \$35,528,375.	\$ 35,528,375	\$ 35,528,375	\$ 3,523	\$ 17,142	\$ 20,665
The cost of retiring a portion of the School District's General Obligation Bonds, Series 2004, Series 2013, Series 2014 and Series 2016 , by paying or making provision for the payment of the principal and interest on such bonds coming due on February 1, 2018 through August 1, 2022, in the maximum amount of \$159,471,625.	<u>159,471,625</u>	<u>159,471,625</u>	<u>56,933,775</u>	<u>29,561,600</u>	<u>86,495,375</u>
	<u>\$ 195,000,000</u>	<u>\$ 195,000,000</u>	<u>\$ 56,937,298</u>	<u>\$ 29,578,742</u>	<u>\$ 86,516,040</u>
				43,622,746	
				<u>142,282,821</u>	
				<u>\$ 185,905,567</u>	

## **II. 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***

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**To the Superintendent and Members of  
the Forsyth County Board of Education  
Cumming, 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 Forsyth County Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Forsyth County Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Forsyth County 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 Forsyth County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Forsyth County 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Forsyth County 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*.

### **Forsyth County Board of Education's Responses to the Findings**

Forsyth County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Forsyth County Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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  
January 26, 2021



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

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**To the Superintendent and Members of  
the Forsyth County Board of Education  
Cumming, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited the Forsyth County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Forsyth County Board of Education's major federal programs for the year ended June 30, 2020. The Forsyth County 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Forsyth County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Forsyth County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Forsyth County Board of Education's compliance.



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### ***Opinion on Each Major Federal Program***

In our opinion, the Forsyth County 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, 2020.

### **Report on Internal Control Over Compliance**

Management of the Forsyth County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Forsyth County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Forsyth County Board of Education's 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.

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

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  
January 26, 2021

**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
<b>Agriculture, U.S. Department of:</b>			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food and Nutrition Program			
Food Services			
School Breakfast Program - Cash Assistance	10.553	205GA324N1099	\$ 1,094,335
National School Lunch Program:			
Cash Assistance	10.555	205GA324N1099	3,454,624
Non-Cash Assistance (Commodities) (1)	10.555	205GA324N1099	924,792
Total Child Nutrition Cluster			<u>5,473,751</u>
Commercial Warehouse Grant	10.560	205GA904N2533	<u>24,746</u>
<b>Total U.S. Department of Agriculture</b>			<u>5,498,497</u>
<b>Education, U.S. Department of:</b>			
Pass-Through from Georgia Department of Education			
Special Education Cluster (IDEA)			
Part B-Special Education			
Flow Through	84.027	H027A180073	1,159,223
Flow Through	84.027	H027A190073	5,239,886
High Cost Fund Pool	84.027	H027A190073	87,769
Preschool	84.173	H173A180081	44,925
Total Special Education Cluster (IDEA)			<u>6,531,803</u>
Title I, Part A			
Improving Academic Achievement	84.010	S010A180010	223,173
Improving Academic Achievement	84.010	S010A190010	1,713,447
Total Title I, Part A			<u>1,936,620</u>
Title I - C			
Migrant Education	84.011	S011A180011	2,718
Migrant Education	84.011	S011A190011	6,022
Total Migrant Education			<u>8,740</u>
Title II			
Improving Teacher Quality	84.367	S367A180001	145,734
Improving Teacher Quality	84.367	S367A190001	319,757
Advance Placement	84.367	S367A190001	5,700
Total Title II			<u>471,191</u>
Title III			
Limited English Proficient	84.365	S365A180010	123,776
Limited English Proficient	84.365	S365A190010	171,740
Total Title III			<u>295,516</u>

(continued)

**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
<b>Education, U.S. Department of (Continued):</b>			
Pass-Through from Georgia Department of Education (Continued)			
Title IV			
Student Support & Academic Enrichment	84.424A	S424A180011	11,913
Student Support & Academic Enrichment	84.424A	S424A190011	<u>146,012</u>
Total Title IV			<u>157,925</u>
Education of Homeless Children and Youth	84.196	S196A180011	1,010
Education of Homeless Children and Youth	84.196	S196A190011	<u>5,630</u>
Total Education of Homeless Children and Youth			<u>6,640</u>
Vocational Education-Basic Grants to States			
Program Improvement	84.048	V048A190010	201,199
CTE Perkins Carryover	84.048	V048A190010	10,984
CTE Perkins Plus	84.048	V048A190010	<u>25,000</u>
Total Vocational Education-Basic Grants to States			<u>237,183</u>
COVID-19-Education Stabilization Fund	84.425D	S425D200012	<u>1,702,562</u>
<b>Total U.S. Department of Education</b>			<u>11,348,180</u>
<b>Health and Human Services, U.S. Department of</b>			
Mentors and Motivators	93.959	N/A	<u>138,724</u>
<b>Defense, U.S. Department of</b>			
R.O.T.C Program	12.Unknown	N/A	<u>80,094</u>
Pass-Through from Office of the State Treasurer			
Payments to States in Lieu of Real Estate Taxes	12.112	Unknown	<u>335,910</u>
<b>Total U.S. Department of Defense</b>			<u>416,004</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 17,401,405</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

# FORSYTH COUNTY BOARD OF EDUCATION

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### Notes to the Schedule of Expenditures of Federal Awards

N/A - Not Available

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

The Forsyth County Board of Education did not provide Federal Assistance to any Subrecipient.

### **BASIS OF PRESENTATION**

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

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

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

**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**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     no

Significant deficiencies identified?

yes     none reported

Noncompliance material to financial statements noted?

yes     no

**Federal Awards**

Internal Control over major federal programs:  
 Material weaknesses identified?

yes     no

Significant deficiencies identified?

yes     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     no

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

84.027 and 84.173  
 84.425D

IDEA Cluster  
 COVID-19-Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes     no

**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2020-001 Revenue and Related Receivables**

**Criteria:** Internal controls should be in place to ensure that the School District is properly recording state Quality Basic Education (QBE) revenue and related receivables in accordance with accounting standards generally accepted in the United States of America.

**Condition:** For the fiscal year ended June 30, 2020, a material audit adjustment was required to properly report intergovernmental revenue and related receivables.

**Context/Cause:** During our testing of QBE state intergovernmental revenues and related receivables, we noted that the Board did not record an austerity reduction to reduce overall QBE earnings and its related receivable.

**Effects:** An audit adjustment of \$3,829,536 was required in the General Fund to properly report the School District's QBE revenue and related receivable for the fiscal year ended June 30, 2020.

**Recommendation:** We recommend that the School District carefully review its QBE earnings reports from the state and any austerity adjustments to ensure proper reporting of revenue and receivables in the fiscal year.

**Auditee's Response:** We concur with the finding. We will take the necessary steps in the future to ensure that the QBE revenue and enacted austerity reductions are reconciled to state records during the year end close process.

# FORSYTH COUNTY BOARD OF EDUCATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2020-002 Recording of Financed Purchase

**Criteria:** Internal controls should be in place to ensure that the School District is properly recording debt issuances within its funds in accordance with accounting standards generally accepted in the United States of America.

**Condition:** For the fiscal year ended June 30, 2020, a material audit adjustment was required to properly record the issuance of a financed purchase.

**Context/Cause:** During our testing of debt, we noted that the School District had not recorded the capital outlay and other financing sources in the Capital Projects Fund for its issuance of a financed purchase in fiscal year 2020.

**Effects:** An audit adjustment of \$2,939,186 was required in the Capital Projects Fund to properly report the School District's issuance of the financed purchase for the fiscal year ended June 30, 2020.

**Recommendation:** We recommend that the School District record all long-term debt and related transactions in its governmental funds under the modified accrual basis of accounting and in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. We will take the necessary steps in the future to ensure that debt issuances (computer lease purchase) are properly recorded.



**FORSYTH COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

# FORSYTH COUNTY BOARD OF EDUCATION

## STATUS OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### 2019-001 Maintenance of the General Ledger and Reconciliation to the Subsidiary Ledgers

**Condition:** For the fiscal year ended June 30, 2019 material audit adjustments were required to properly report beginning fund balance, cash, and internal balances.

**Context/Cause:** During our testing of account balances for the fiscal year ended June 30, 2019, several misstatements were identified as follows:

- The Board did not post certain audit entries from the prior fiscal year in the School Food Services and Capital Projects Funds totaling approximately \$166,000 and \$3,468,000, respectively, which understated and overstated, respectively, fund balance in those funds.
- The Board did not maintain activity as it related to the advances given and paid back by new schools.
  - In the General Fund, entries totaling approximately \$45,000 were required to reconcile interfund activity with the subsidiary ledger as portions of interfund advances that were paid back were recorded as transfers rather than a reduction of the advance to other funds.
  - In the School Activity Fund, an entry of approximately \$566,000 was required to reduce fund balance and to record the advance from other funds from the prior year. Entries totaling approximately \$133,000 were required to record an additional advance from other funds for the current year to reconcile to the subledger. Entries totaling approximately \$50,000 were also required to record the payments made by the schools in the current year, reducing the advances from other funds.
- During our testing of cash as of June 30, 2019, it was noted that certain audit adjustments were required to properly report cash and interfund activity between funds. Overall cash was properly reported, however the cash balances within each fund required audit adjustments. Audit adjustments were required in the General Fund, School Food Services Fund, and the Capital Projects Fund in the amount of approximately \$1,093,000, \$591,000, and \$502,000, respectively, to cash and to due to/from other funds in order to correctly report activity as of June 30, 2019.

**Current Status:** This finding was resolved in fiscal year 2020.

# FORSYTH COUNTY BOARD OF EDUCATION

## STATUS OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### 2019-002 Revenue Recognition

*Condition:* For the fiscal year ended June 30, 2019, a material audit adjustment was required to properly report revenue and unavailable revenue.

*Context/Cause:* During our testing of Capital Projects Fund revenues, it was noted that the Board did not record unavailable revenue for receivables not collected within the availability period of 180 days. An entry of approximately \$9,422,000 was required to record unavailable revenue and reduce intergovernmental revenue for the fiscal year ended June 30, 2019.

During our testing of Capital Project Fund revenues, it was noted that the Board did recognize revenue that was received during the current fiscal year. An entry of approximately \$1,397,000 was required to reduce unavailable revenue and to increase intergovernmental revenue for the fiscal year ended June 30, 2019.

*Current Status:* See 2020-001.

### 2019-003 Expenditure Recognition

*Condition:* Internal controls were not sufficient to detect certain misstatements in the reporting of the Board's expenditures/expenses and related balance sheet accounts.

*Context/Cause:* During our testing of expenditures, an audit adjustment was required to record project expenditures which were incurred prior to June 30, 2019 but were not accrued as a liability as of year-end.

*Current Status:* This finding was resolved in fiscal year 2020.



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Dr. Jeffrey Bearden, Superintendent • 1120 Dahlonega Highway • Cumming, Georgia 30040 •  
Telephone 770.887.2461 • Fax 770.781.6632

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2020**

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**2020-001 Austerity Reduction – Quality Basic Education (QBE) Recognition**

*Name of the Contact Person Responsible for the Corrective Action Plan:* Larry Hammel, Chief Financial Officer.

*Corrective Action Plan:* The CFO and staff will review and reconcile all QBE revenue and accruals provided by the Georgia Department of Education with emails and reports available through state websites. The revenue and accruals will be booked by staff monthly and the CFO will perform an annual reconciliation to confirm the journal entry postings.

*Anticipated Completion Date:* June 30, 2021.

**2020-002 Recording of Financed Purchase**

*Name of the Contact Person Responsible for the Corrective Action Plan:* Larry Hammel, Chief Financial Officer.

*Corrective Action Plan:* The CFO and staff will review all lease purchases and ensure that the leases are recorded correctly under modified accrual basis with year-end close.

*Anticipated Completion Date:* June 30, 2021.