

FORSYTH COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2019

**FORSYTH COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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I. FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2019, 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.

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, 2019, 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 on pages 4 through 12 and 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 on pages 55, 56, 57, 58, and 59 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.

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 20, 2020 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 20, 2020

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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 2019 are as follows:

- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources by \$52.6 million.
- The School District had \$539.7 million in expenses relating to governmental activities; only \$300.4 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$290.6 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$290.6 million or 49% of all revenues totaling \$591.0 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 increased by \$51.3 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, Capital Projects Fund, Debt Service Fund and the Federal Programs Fund are reported as major funds.

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 focus on the School District's most significant funds. The School District's major funds are the General Fund and the Capital Projects Fund.

Governmental Funds - All 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, 2019

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2019
ASSETS		
Current and other assets	\$ 194,037,034	\$ 339,990,064
Capital assets	841,624,564	885,127,243
Total assets	1,035,661,598	1,225,117,307
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	5,281,016	4,526,585
Pension related items	84,154,981	107,602,432
OPEB related items	22,478,718	32,520,051
Total deferred outflows of resources	111,914,715	144,649,068
LIABILITIES		
Current liabilities	41,739,611	51,426,370
Long-term liabilities	1,076,143,544	1,196,767,574
Total liabilities	1,117,883,155	1,248,193,944
DEFERRED INFLOWS OF RESOURCES		
Pension related items	3,793,510	10,830,831
OPEB related items	24,591,850	58,130,714
Total deferred inflows of resources	28,385,360	68,961,545
NET POSITION		
Net investment in capital assets	465,887,669	496,148,990
Restricted	61,998,516	82,905,752
Unrestricted	(526,578,387)	(526,443,856)
Total net position	\$ 1,307,798	\$ 52,610,886

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2019
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 11,650,645	\$ 13,384,977
Operating grants and contributions	247,262,552	240,011,016
Capital grants and contributions	5,812,337	47,047,934
General revenues:		
Taxes:		
Property taxes		
For maintenance and operations	176,321,724	193,128,469
For debt service	25,984,756	28,425,381
Sales taxes	38,573,834	40,533,426
Other taxes:		
Intangible taxes	5,961,794	5,701,488
Real estate transfer taxes	2,439,477	2,359,972
Title ad valorem tax	11,796,536	13,049,051
Unrestricted investment earnings	1,034,565	5,339,175
Gain on disposal of capital assets	-	10,759
Other	1,586,803	2,033,195
Total revenues	<u>528,425,023</u>	<u>591,024,843</u>
<u>Expenses</u>		
Instruction	349,996,105	370,820,093
Support services:		
Pupil services	12,826,994	12,317,069
Improvement of instructional services	7,617,543	8,652,230
Instructional staff training	1,219,020	1,707,691
Educational media services	3,454,127	3,889,659
Federal grant administration	320,530	259,261
General administration	1,297,732	1,412,023
School administration	28,798,395	27,283,693
Business administration	2,857,970	2,528,493
Maintenance and operation of plant	33,141,296	35,717,510
Student transportation services	22,813,438	23,702,989
Central support services	10,881,140	12,574,989
Other support services	241,738	325,033
Food services operations	18,871,572	19,790,406
Community services operations	2,139,413	2,301,968
Interest on long-term debt	10,802,124	16,438,648
Total expenses	<u>507,279,137</u>	<u>539,721,755</u>
Change in net position	21,145,886	51,303,088
Net position, beginning of year, restated	(19,838,088)	1,307,798
Net position, end of year	<u>\$ 1,307,798</u>	<u>\$ 52,610,886</u>

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	
	2018	2019	2018	2019
Instruction	349,996,105	370,820,093	\$ 151,228,004	\$ 148,936,516
Support services:				
Pupil services	12,826,994	12,317,069	8,202,844	7,305,959
Improvement of instructional services	7,617,543	8,652,230	4,994,388	5,864,283
Instructional staff training	1,219,020	1,707,691	1,219,020	1,707,691
Educational media services	3,454,127	3,889,659	(2,784,620)	(3,095,388)
Federal grant administration	320,530	259,261	320,530	259,261
General administration	1,297,732	1,412,023	(4,906,759)	(4,444,020)
School administration	28,798,395	27,283,693	18,767,439	16,201,166
Business administration	2,857,970	2,528,493	2,821,069	2,469,708
Maintenance and operation of plant	33,141,296	35,717,510	18,508,091	19,606,564
Student transportation services	22,813,438	23,702,989	20,586,343	18,755,904
Central support services	10,881,140	12,574,989	10,455,133	8,970,479
Other support services	241,738	325,033	74,356	135,549
Food services operations	18,871,572	19,790,406	2,374,634	284,246
Community services operations	2,139,413	2,301,968	(108,993)	(118,738)
Interest on long-term debt	10,802,124	16,438,648	10,802,124	16,438,648
Total expenditures	<u>\$ 507,279,137</u>	<u>\$ 539,721,755</u>	<u>\$ 242,553,603</u>	<u>\$ 239,277,828</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 \$792.2 million and total expenditures and other financing uses of \$664.9 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 districts 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 1,561 when comparing state QBE allotment sheets for fiscal years 2018 and 2019.

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 2018 Bond Proceeds made up the majority of the 2019 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 2019, 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 \$445.5 million were less than the original budgeted amounts of \$445.9 million by \$0.4 million.

Total budget basis actual total revenues had a \$3.1 million unfavorable variance when compared to the final budgeted revenue total.

The budget basis actual expenditures of \$446.4 million were more than the original budgeted amount of \$444.3 million by \$2.1 million.

The budget basis actual expenditures had a \$0.3 million unfavorable 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, 2019

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 229,279,212	\$ 229,190,076	\$ 228,184,055	\$ (1,006,021)
Federal sources	50,000	50,000	65,428	15,428
Local sources and other funds	216,369,332	218,009,507	216,274,316	(1,735,191)
On behalf payments	-	709,955	709,955	-
Total revenues	<u>445,698,544</u>	<u>447,959,538</u>	<u>445,233,754</u>	<u>(2,725,784)</u>
EXPENDITURES				
Current:				
Instruction	322,002,110	319,560,434	322,349,147	(2,788,713)
Support services:				
Pupil services	8,394,429	8,856,692	8,518,166	338,526
Improvement of instructional services	9,259,745	9,170,699	8,250,356	920,343
Instructional staff training	-	846,602	846,602	-
Educational media services	3,892,087	3,909,700	3,575,448	334,252
General administration	1,058,708	1,058,708	1,332,216	(273,508)
School administration	26,931,479	27,523,479	27,002,311	521,168
Business administration	2,566,457	2,596,457	2,625,310	(28,853)
Maintenance and operation of plant	35,300,164	35,645,904	35,470,618	175,286
Student transportation services	20,141,103	20,604,423	21,553,020	(948,597)
Central support services	9,708,784	9,987,836	9,748,795	239,041
Other support services	120,432	120,432	104,629	15,803
Food services operations	-	128,235	128,235	-
Capital Outlay	-	1,170,000	1,950	1,168,050
Debt service:				
Principal retirement	3,649,792	3,649,792	3,649,792	-
Interest and fixed charges	1,267,458	1,267,458	1,266,458	1,000
Total expenditures	<u>444,292,748</u>	<u>446,096,851</u>	<u>446,423,053</u>	<u>(326,202)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,405,796</u>	<u>1,862,687</u>	<u>(1,189,299)</u>	<u>(3,051,986)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	250,000	250,000	51,209	(198,791)
Transfers In	-	206,233	206,233	-
Transfers out	-	-	(218,002)	(218,002)
Total of other financing sources (uses)	<u>250,000</u>	<u>456,233</u>	<u>39,440</u>	<u>(416,793)</u>
Net change in fund balances	1,655,796	2,318,920	(1,149,859)	(3,468,779)
FUND BALANCES, beginning of year	<u>66,238,929</u>	<u>66,238,929</u>	<u>66,238,929</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 67,894,725</u>	<u>\$ 68,557,849</u>	<u>\$ 65,089,070</u>	<u>\$ (3,468,779)</u>

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2019, the School District had \$885 million invested in capital assets, all in governmental activities. Capital assets increased \$43.5 million over the balance at June 30, 2018.

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

Table 5
Capital Assets
(Net of Accumulated Depreciation)

	Governmental	
	Activities	
	Fiscal Year 2018	Fiscal Year 2019
Land	\$ 100,690,551	\$ 103,852,819
Land Improvements	17,710,865	18,963,290
Construction in Progress	2,734,296	31,963,629
Buildings	683,289,746	679,401,742
Furniture and Equipment	37,199,106	50,945,763
 Total	 \$ 841,624,564	 \$ 885,127,243

Debt

At fiscal year ended June 30, 2019, the School District had \$487.8 million in bonds outstanding and \$4.9 million in financed purchases outstanding.

Note G summarizes the School District's debt for general obligation bonds and financed purchases.

FORSYTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 6
Debt Summary

	Activities	
	Fiscal Year 2018	Fiscal Year 2019
General Obligation Bonds	\$ 359,256,438	\$ 487,783,487
Financed Purchases	7,262,734	4,902,942
Total General Long-Term Debt	\$ 366,519,172	\$ 492,686,429

At June 30, 2019, 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 2018 the digest showed an increase of 8.91% and for fiscal year 2019 it shows an increase of 9.86%.

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 Dahlonga Highway, Cumming, Georgia 30040. You may also email your questions to Mr. Hammel at lhammel@forsyth.k12.ga.us.

FORSYTH COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 217,156,501
Investments	51,491,016
Receivables:	
Accounts	613,669
Intergovernmental	62,036,337
Interest	378,988
Taxes, net of allowances	7,554,765
Inventory	704,895
Prepaid items	53,893
Capital assets (nondepreciable)	135,816,448
Capital assets (depreciable, net of accumulated depreciation)	749,310,795
Total assets	<u>1,225,117,307</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	4,526,585
Pension related items	107,602,432
OPEB related items	32,520,051
Total deferred outflows of resources	<u>144,649,068</u>
LIABILITIES	
Accounts payable	20,242,647
Salaries and benefits payable	31,183,723
Accrued interest payable	9,175,854
Unearned revenue	793,972
Accrued claims payable due within one year	816,571
Accrued claims payable due in more than one year	779,869
Intergovernmental payable due within one year	1,355,000
Intergovernmental payable due in more than one year	20,275,000
Bonds payable due within one year	29,560,000
Bonds payable due in more than one year	458,223,487
Financed purchases payable due within one year	2,420,392
Financed purchases payable due in more than one year	2,482,550
Net pension liability	368,358,469
Net OPEB liability	302,526,410
Total liabilities	<u>1,248,193,944</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	10,830,831
OPEB related items	58,130,714
Total deferred inflows of resources	<u>68,961,545</u>
NET POSITION	
Net investment in capital assets	496,148,990
Restricted for:	
Capital projects	43,366,502
Debt service	17,000,341
SPLOST programs	19,756,431
Federal programs	166,416
School food services	2,616,062
Unrestricted	(526,443,856)
Total net position	<u>\$ 52,610,886</u>

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, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<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	\$ 370,820,093	\$ 137,592	\$ 183,704,891	\$ 38,041,094	\$ (148,936,516)
Support services:					
Pupil services	12,317,069	-	4,999,371	11,739	(7,305,959)
Improvement of instructional services	8,652,230	-	2,758,829	29,118	(5,864,283)
Instructional staff training	1,707,691	-	-	-	(1,707,691)
Educational media services	3,889,659	-	6,519,203	465,844	3,095,388
Federal grant administration	259,261	-	-	-	(259,261)
General administration	1,412,023	-	5,835,371	20,672	4,444,020
School administration	27,283,693	-	10,695,482	387,045	(16,201,166)
Business administration	2,528,493	-	30,954	27,831	(2,469,708)
Maintenance and operation of plant	35,717,510	-	15,766,470	344,476	(19,606,564)
Student transportation services	23,702,989	-	1,984,797	2,962,288	(18,755,904)
Central support services	12,574,989	-	245,288	3,359,222	(8,970,479)
Other support services	325,033	-	189,484	-	(135,549)
Food services operation	19,790,406	10,945,417	7,162,138	1,398,605	(284,246)
Community services operation	2,301,968	2,301,968	118,738	-	118,738
Interest on long-term debt	16,438,648	-	-	-	(16,438,648)
Total governmental activities	<u>\$ 539,721,755</u>	<u>\$ 13,384,977</u>	<u>\$ 240,011,016</u>	<u>\$ 47,047,934</u>	<u>(239,277,828)</u>
General revenues:					
Property taxes, levied for general purposes					193,128,469
Property taxes, levied for debt service					28,425,381
Sales taxes					40,533,426
Intangible taxes					5,701,488
Real estate transfer taxes					2,359,972
Title ad valorem tax					13,049,051
Unrestricted investment earnings					5,339,175
Gain on disposal of capital assets					10,759
Other					2,033,195
Total general revenues					<u>290,580,916</u>
Change in net position					51,303,088
Net position, beginning of year					1,307,798
Net position, end of year					<u>\$ 52,610,886</u>

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

FORSYTH COUNTY BOARD OF EDUCATION

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 23,327,336	\$ 155,129,551	\$ 38,699,614	\$ 217,156,501
Investments	39,970,500	11,520,516	-	51,491,016
Receivables:				
Accounts	610,210	-	3,459	613,669
Intergovernmental	35,673,822	24,576,562	1,785,953	62,036,337
Taxes, net of allowances	3,642,924	3,449,707	462,134	7,554,765
Interest	250,521	128,467	-	378,988
Due from other funds	1,634,209	492,269	-	2,126,478
Inventory	515,166	-	189,729	704,895
Prepaid items	53,893	-	-	53,893
Advances from other funds	637,000	-	-	637,000
Total assets	<u>\$ 106,315,581</u>	<u>\$ 195,297,072</u>	<u>\$ 41,140,889</u>	<u>\$ 342,753,542</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,825,535	\$ 11,352,332	\$ 64,780	\$ 20,242,647
Salaries and benefits payable	29,837,751	-	1,345,972	31,183,723
Due to other funds	492,269	10,216	1,623,993	2,126,478
Unearned revenue	-	-	793,972	793,972
Advances to other funds	-	-	637,000	637,000
Total liabilities	<u>39,155,555</u>	<u>11,362,548</u>	<u>4,465,717</u>	<u>54,983,820</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,428,267	-	196,391	1,624,658
Unavailable revenue - state grants	642,689	11,819,316	-	12,462,005
Total deferred inflows of resources	<u>2,070,956</u>	<u>11,819,316</u>	<u>196,391</u>	<u>14,086,663</u>
 FUND BALANCES				
Nonspendable:				
Inventory	515,166	-	189,729	704,895
Prepaid items	53,893	-	-	53,893
Advances	637,000	-	-	637,000
Restricted:				
Capital projects	-	152,358,777	-	152,358,777
Debt service	-	-	25,979,804	25,979,804
SPLOST programs	-	19,756,431	-	19,756,431
Federal programs	-	-	166,416	166,416
School food services	-	-	2,426,333	2,426,333
Committed:				
School activities	-	-	7,716,499	7,716,499
Unassigned	63,883,011	-	-	63,883,011
Total fund balances	<u>65,089,070</u>	<u>172,115,208</u>	<u>36,478,781</u>	<u>273,683,059</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 106,315,581</u>	<u>\$ 195,297,072</u>	<u>\$ 41,140,889</u>	<u>\$ 342,753,542</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, 2019

Total fund balances - governmental funds		\$ 273,683,059
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	\$ 1,228,970,146	
Less accumulated depreciation	<u>(343,842,903)</u>	885,127,243
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		14,086,663
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net pension liability	\$ (368,358,469)	
Pension related deferred outflows of resources	107,602,432	
Pension related deferred inflows of resources	<u>(10,830,831)</u>	(271,586,868)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net OPEB liability	\$ (302,526,410)	
OPEB related deferred outflows of resources	32,520,051	
OPEB related deferred inflows of resources	<u>(58,130,714)</u>	(328,137,073)
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	\$ (427,580,000)	
Premium, net of amortization	(60,203,487)	
Intergovernmental contract payable	(21,630,000)	
Deferred loss on refunding	4,526,585	
Accrued interest	(9,175,854)	
Accrued claims payable	(1,596,440)	
Financed purchases	<u>(4,902,942)</u>	<u>(520,562,138)</u>
		<u>\$ 52,610,886</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, 2019

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
State funds	\$ 228,184,055	\$ 12,757,247	\$ 429,706	\$ 241,371,008
Federal funds	65,428	-	17,393,232	17,458,660
Local and other funds	218,576,284	44,842,328	59,285,863	322,704,475
On behalf payments	709,955	-	-	709,955
Total revenues	<u>447,535,722</u>	<u>57,599,575</u>	<u>77,108,801</u>	<u>582,244,098</u>
EXPENDITURES				
Current:				
Instruction	322,349,147	-	23,478,465	345,827,612
Support services:				
Pupil services	8,518,166	-	3,834,380	12,352,546
Improvement of instructional services	8,250,356	-	409,377	8,659,733
Instructional staff training	846,602	-	861,089	1,707,691
Educational media services	3,575,448	-	-	3,575,448
Federal grant administration	-	-	267,433	267,433
General administration	1,332,216	-	66,036	1,398,252
School administration	27,002,311	-	1,100	27,003,411
Business administration	2,625,310	-	-	2,625,310
Maintenance and operation of plant	35,470,618	-	-	35,470,618
Student transportation services	21,553,020	-	150,791	21,703,811
Central support services	9,748,795	-	159,237	9,908,032
Other support services	104,629	-	188,789	293,418
Food services operation	128,235	-	18,469,653	18,597,888
Community services operation	2,301,968	-	-	2,301,968
Capital outlay	1,950	75,982,613	-	75,984,563
Debt service:				
Principal retirement	3,649,792	-	35,330,000	38,979,792
Interest	1,266,458	-	18,925,486	20,191,944
Bond issuance cost	-	562,820	-	562,820
Total expenditures	<u>448,725,021</u>	<u>76,545,433</u>	<u>102,141,836</u>	<u>627,412,290</u>
Deficiency of revenues over expenditures	<u>(1,189,299)</u>	<u>(18,945,858)</u>	<u>(25,033,035)</u>	<u>(45,168,192)</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	147,500,000	-	147,500,000
Premium from bond issuance	-	24,187,575	-	24,187,575
Proceeds from sale of capital assets	51,209	763,563	-	814,772
Transfers in	206,233	-	37,258,352	37,464,585
Transfers out	(218,002)	(37,246,583)	-	(37,464,585)
Total other financing sources (uses)	<u>39,440</u>	<u>135,204,555</u>	<u>37,258,352</u>	<u>172,502,347</u>
Net change in fund balances	(1,149,859)	116,258,697	12,225,317	127,334,155
FUND BALANCES, beginning of year	<u>66,238,929</u>	<u>55,856,511</u>	<u>24,253,464</u>	<u>146,348,904</u>
FUND BALANCES, end of year	<u>\$ 65,089,070</u>	<u>\$ 172,115,208</u>	<u>\$ 36,478,781</u>	<u>\$ 273,683,059</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, 2019**

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

Net change in fund balances - total governmental funds	\$	127,334,155
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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	\$ 78,265,874		
Depreciation expense	(33,959,183)		44,306,691

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

Net book value of assets sold	(804,012)
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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	\$ 102,193		
State grants	8,667,793		8,769,986

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.

990,111

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	\$ 38,979,792		
Amortization of bond premium	7,830,526		
Amortization of deferred loss from refunding	(754,431)		
Issuance of long term debt	(147,500,000)		
Premium on long term debt	(24,187,575)		(125,631,688)

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	\$ (902,176)		
Change in accrued interest			
Accrued interest payable, June 30, 2018	6,415,875		
Accrued interest payable, June 30, 2019	(9,175,854)		(3,662,155)

Change in net position - governmental activities	\$	<u>51,303,088</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, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 229,279,212	\$ 229,190,076	\$ 228,184,055	\$ (1,006,021)
Federal sources	50,000	50,000	65,428	15,428
Local sources and other funds	216,369,332	218,009,507	216,274,316	(1,735,191)
On behalf payments	-	709,955	709,955	-
Total revenues	<u>445,698,544</u>	<u>447,959,538</u>	<u>445,233,754</u>	<u>(2,725,784)</u>
EXPENDITURES				
Current:				
Instruction	322,002,110	319,560,434	322,349,147	(2,788,713)
Support services:				
Pupil services	8,394,429	8,856,692	8,518,166	338,526
Improvement of instructional services	9,259,745	9,170,699	8,250,356	920,343
Instructional staff training	-	846,602	846,602	-
Educational media services	3,892,087	3,909,700	3,575,448	334,252
General administration	1,058,708	1,058,708	1,332,216	(273,508)
School administration	26,931,479	27,523,479	27,002,311	521,168
Business administration	2,566,457	2,596,457	2,625,310	(28,853)
Maintenance and operation of plant	35,300,164	35,645,904	35,470,618	175,286
Student transportation services	20,141,103	20,604,423	21,553,020	(948,597)
Central support services	9,708,784	9,987,836	9,748,795	239,041
Other support services	120,432	120,432	104,629	15,803
Food service operations	-	128,235	128,235	-
Capital outlay	-	1,170,000	1,950	1,168,050
Debt service:				
Principal retirement	3,649,792	3,649,792	3,649,792	-
Interest and fiscal charges	1,267,458	1,267,458	1,266,458	1,000
Total expenditures	<u>444,292,748</u>	<u>446,096,851</u>	<u>446,423,053</u>	<u>(326,202)</u>
Excess (deficiency) of revenues over expenditures	<u>1,405,796</u>	<u>1,862,687</u>	<u>(1,189,299)</u>	<u>(3,051,986)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	250,000	250,000	51,209	(198,791)
Transfers in	-	206,233	206,233	-
Transfers out	-	-	(218,002)	(218,002)
Total other financing sources (uses)	<u>250,000</u>	<u>456,233</u>	<u>39,440</u>	<u>(416,793)</u>
Net change in fund balances	1,655,796	2,318,920	(1,149,859)	(3,468,779)
FUND BALANCES, beginning of year	<u>66,238,929</u>	<u>66,238,929</u>	<u>66,238,929</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 67,894,725</u>	<u>\$ 68,557,849</u>	<u>\$ 65,089,070</u>	<u>\$ (3,468,779)</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, 2019

	ASSETS	<u>Agency Fund</u>
Cash		\$ 1,345,533
Total assets		<u>\$ 1,345,533</u>
	LIABILITIES	
Due to others		<u>\$ 1,345,533</u>
Total liabilities		<u>\$ 1,345,533</u>

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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, 2019

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, 2019, 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, 2019

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, 2019

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, 2019

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, 2019 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2020; (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 which 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, 2019 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2019; (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, 2019

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, 2019

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, 2019

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, 2019:

General Fund:		
Instruction:	\$	2,788,713
Support services:		
General administration		273,508
Business administration		28,853
Student transportation services		948,597

These over expenditures were funded with the use of fund balance.

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	\$	447,535,722
Community Service Activity (not budgeted)		(2,301,968)
Actual Revenues, Budgetary Basis	\$	<u>445,233,754</u>
Expenditures GAAP Basis	\$	448,725,021
Community Service Activity (not budgeted)		(2,301,968)
Actual Expenditures, Budgetary Basis	\$	<u>446,423,053</u>
Net Change in Fund Balance, Budgetary Basis	\$	<u>(1,149,859)</u>
Net Change in Fund Balance, GAAP Basis	\$	<u>(1,149,859)</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2019 are summarized as follows:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Deposits with Financial Institutions	---	\$ 65,688,693
United States Treasuries	129 days	51,491,016
Georgia Fund 1 - cash equivalents	39 days	152,813,341
Total		<u>\$ 269,993,050</u>
As reported in the Statement of Net Position:		
Cash and cash equivalents		\$ 217,156,501
Investments		51,491,016
Agency fund - Statement of Assets and Liabilities		1,345,533
Total		<u>\$ 269,993,050</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, 2019

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, 2019, 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, 2019, 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.

The District’s recurring fair value measurements as of June 30, 2019 are as follow:

<u>Investment</u>	<u>Level 1</u>	<u>Fair Value</u>
United States Treasuries	<u>\$ 51,491,016</u>	<u>\$ 51,491,016</u>
Total investments measured at fair value	<u>\$ 51,491,016</u>	<u>51,491,016</u>
Investments not subject to level disclosure:		
Georgia Fund 1		<u>152,813,341</u>
Total investments		<u>\$ 204,304,357</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS – (CONTINUED)

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 main government agency that grants are due from as of June 30, 2019.

NOTE E - TAXES RECEIVABLE

Taxes receivable include property taxes and sales taxes due to the School District. Property taxes were levied on July 25, 2018, based on property values assessed as of January 1, 2018, and were payable on or before November 15, 2018. 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 \$34,357 in the General Fund and \$4,685 in the Debt Service Fund.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE F - CAPITAL ASSETS

Changes in capital assets used in the School District's governmental activities during the year ended June 30, 2019 were as follows:

	Balances July 1, 2018	Increases	Decreases	Transfers	Balances June 30, 2019
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 100,690,551	\$ 3,925,831	\$ (763,563)	\$ -	\$ 103,852,819
Construction in progress	2,734,296	30,526,483	-	(1,297,150)	31,963,629
Total	<u>103,424,847</u>	<u>34,452,314</u>	<u>(763,563)</u>	<u>(1,297,150)</u>	<u>135,816,448</u>
Capital assets, being depreciated:					
Land improvements	39,202,251	2,491,417	-	489,499	42,183,167
Buildings	876,001,844	17,317,827	-	807,651	894,127,322
Furniture and equipment	133,999,503	24,004,316	(1,160,610)	-	156,843,209
Total	<u>1,049,203,598</u>	<u>43,813,560</u>	<u>(1,160,610)</u>	<u>1,297,150</u>	<u>1,093,153,698</u>
Less accumulated depreciation for:					
Land improvements	(21,491,386)	(1,728,491)	-	-	(23,219,877)
Buildings	(192,712,098)	(22,013,482)	-	-	(214,725,580)
Furniture and equipment	(96,800,397)	(10,217,210)	1,120,161	-	(105,897,446)
Total	<u>(311,003,881)</u>	<u>(33,959,183)</u>	<u>1,120,161</u>	<u>-</u>	<u>(343,842,903)</u>
Total capital assets, being depreciated, net	<u>738,199,717</u>	<u>9,854,377</u>	<u>(40,449)</u>	<u>1,297,150</u>	<u>749,310,795</u>
Governmental activities capital assets, net	<u>\$ 841,624,564</u>	<u>\$ 44,306,691</u>	<u>\$ (804,012)</u>	<u>\$ -</u>	<u>\$ 885,127,243</u>

Depreciation expense was charged to the functions as follows:

Instruction	\$ 27,644,014
Support services:	
Pupil services	8,677
Improvement of instruction	21,524
General administration	15,280
Business administration	20,572
School administration	286,095
Media services	344,341
Maintenance and operation of plant	254,629
Student transportation services	1,847,178
Central support services	2,483,057
Food services	1,033,816
	<u>\$ 33,959,183</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable	\$ 315,410,000	\$ 147,500,000	\$ (35,330,000)	\$ 427,580,000	\$ 29,560,000
Bond premiums	43,846,438	24,187,575	(7,830,526)	60,203,487	-
Bonds payable, net	<u>359,256,438</u>	<u>171,687,575</u>	<u>(43,160,526)</u>	<u>487,783,487</u>	<u>29,560,000</u>
Intergovernmental payable	22,920,000	-	(1,290,000)	21,630,000	1,355,000
Financed purchases	7,262,734	-	(2,359,792)	4,902,942	2,420,392
Net pension liability	356,011,983	61,946,524	(49,600,038)	368,358,469	-
Net OPEB liability	322,950,408	25,451,633	(45,875,631)	302,526,410	-
Claims payable	694,264	1,492,253	(590,077)	1,596,440	816,571
Total governmental activities long-term liabilities	<u>\$ 1,069,095,827</u>	<u>\$ 260,577,985</u>	<u>\$ (142,876,064)</u>	<u>\$ 1,186,797,748</u>	<u>\$ 34,151,963</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:

<u>Issuance</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
Series 2013	4.00 - 5.00%	February 1, 2025	\$ 106,275,000
Series 2014	4.00 - 5.00%	February 1, 2033	86,005,000
Series 2016	5.00%	February 1, 2033	92,265,000
Series 2018	5.00%	February 1, 2038	143,035,000
			<u>\$ 427,580,000</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, 2019 was \$116,800,000.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 of February 1, 2038.

At June 30, 2019, principal and interest payments due by fiscal year for the District’s Bonds are as follows:

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2020	\$ 29,560,000	\$	21,006,600	\$ 50,566,600
2021	30,925,000		19,528,600	50,453,600
2022	32,375,000		17,982,350	50,357,350
2023	33,880,000		16,363,600	50,243,600
2024	35,465,000		15,516,600	50,981,600
2025-2029	116,660,000		51,337,250	167,997,250
2030-2034	106,435,000		21,987,700	128,422,700
2035-2038	42,280,000		5,417,000	47,697,000
Total	\$ 427,580,000	\$	169,139,700	\$ 596,719,700

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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:

Fiscal Year				
Ending June 30,	Principal		Interest	Total
2020	\$ 1,355,000		\$ 1,015,450	\$ 2,370,450
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
2025-2029	9,630,000		2,283,750	11,913,750
2030-2031	4,490,000		271,200	4,761,200
Total	\$ 21,630,000		\$ 6,918,700	\$ 28,548,700

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - LONG TERM DEBT – (CONTINUED)

Financed Purchase from Direct Borrowing

The School District has entered into a financed purchase for the acquisition of computer equipment. The purchase carries an interest rate of 2.57%. The District's debt service requirements to maturity on the financed purchase are as follows:

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$ 2,420,392	\$ 125,909	\$ 2,546,301	
2021	2,482,550	63,753	2,546,303	
Total	<u>\$ 4,902,942</u>	<u>\$ 189,662</u>	<u>\$ 5,092,604</u>	

As of June 30, 2019 the School District has various computers with original cost of \$5,283,684 and accumulated depreciation of \$2,641,842 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, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 492,269
General Fund	Nonmajor Govt Funds	1,623,993
General Fund	Capital Projects Fund	10,216
		<u>\$ 2,126,478</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, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Govt Funds	\$ 637,000

**FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, (2) move SPLOST proceeds from the Capital Projects Fund to Debt Service Fund to fund debt service as allowed in the referendum, and (3) to move unrestricted revenues from the Capital Projects Fund to the General Fund. Interfund transfers for the year ended June 30, 2019 are as follows:

Transfer In	Transfer Out	Amount
Nonmajor Govt Funds	General Fund	\$ 218,002
Nonmajor Govt Funds	Capital Projects Fund	37,040,350
General Fund	Capital Projects Fund	206,233
		\$ 37,464,585

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 \$644,058. Future minimum lease payments on these leases are as follows:

Fiscal Year Ending June 30,	
2020	\$ 322,029
Total	\$ 322,029

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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>
2019	\$ 694,264	\$ 962,154	\$ 590,077	\$ 1,066,341	\$ 639,805
2018	\$ 643,565	\$ 1,055,911	\$ 1,005,212	\$ 694,264	\$ 416,558

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>
2019	\$ -	\$ 6,765	\$ 6,765	\$ -
2018	\$ -	\$ 10,008	\$ 10,008	\$ -

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 \$530,099 for contingent liabilities that are probable of loss.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll. District contributions to TRS were \$52,858,898 for the year ended June 30, 2019.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, 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	\$ 368,358,469
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>384,793</u>
Total	<u><u>\$ 368,743,262</u></u>

The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 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, 2018. At June 30, 2018, the School District's proportion was 1.984461%, which was an increase of 0.068905% from its proportion measured as of June 30, 2017.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the School District recognized pension expense of \$48,795,254 and revenue of \$27,474 for support provided by the State of Georgia for certain support personnel. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 10,071,636
Experience differences	24,385,851	759,195
Assumption changes	5,558,396	
Changes in proportion and differences between School District contributions and proportionate share of contributions	24,799,287	-
School District contributions subsequent to the measurement date	<u>52,858,898</u>	<u>-</u>
Total	<u>\$ 107,602,432</u>	<u>\$ 10,830,831</u>

School District contributions subsequent to the measurement date of \$52,858,898 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$ 28,786,068
2021	16,604,896
2022	(4,549,909)
2023	2,484,674
2024	586,974
Total	<u>\$ 43,912,703</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25 – 9.00%, average, including inflation
Investment rate of return	7.50%, 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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%	(0.50)%
Domestic large equities	39.80	9.00
Domestic mid equities	3.70	12.00
Domestic small equities	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	100.00%	

* 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 7.50%. 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current discount rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$ 614,895,758	\$ 368,358,469	\$ 165,199,195

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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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 \$15.00, 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE K - RETIREMENT PLANS – (CONTINUED)

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

Pension Liabilities and Pension Expense

At June 30, 2019, 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>4,213,692</u>
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The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 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, 2018.

For the year ended June 30, 2019, the School District recognized pension expense of \$975,623 and revenue of \$975,623 for support provided by the State of Georgia.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2017, 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 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE K - RETIREMENT PLANS – (CONTINUED)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	11.00
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%. This was a decrease from the prior year's discount rate, which was 7.50%. 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
JUNE 30, 2019

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, 2019, 2018, and 2017, the School District contributed \$329,282, \$322,250, and \$319,924, respectively, to the Plan on behalf of its employees. For the years ended June 30, 2019, 2018, and 2017, employees contributed \$525,809, \$502,063, and \$510,040, 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 rising in the course of School District operations. While the ultimate results of these legal actions cannot be determined, the School District does not expect that these matters will have a material adverse effect on the financial condition of the School District.

Commitments

The School District has outstanding construction commitments of \$270,616,930 as of June 30, 2019. This amount is not reflected in the basic financial statements.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE M - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The School District has recognized revenue and expenditures in the amount of \$709,955 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 \$671,356.

Paid by the Georgia Department of Education to the Teachers Retirement System (TRS) for Teachers Retirement in the amount of \$38,599.

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 \$13,412,642 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the Board reported a liability of \$302,526,410 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 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, 2018. At June 30 2018, the Board's proportion was 2.380281%, which was an increase of 0.081695% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Board recognized OPEB expense of \$16,486,175. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 409,317	\$ -
Changes in proportion and differences between Board contributions and proportionate share of contributions	18,698,092	-
Changes in plan assumptions	-	51,249,429
Experience differences	-	6,881,285
Board contributions subsequent to the measurement date	13,412,642	-
Total	\$ 32,520,051	\$ 58,130,714

Board contributions subsequent to the measurement date of \$13,412,642 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	\$ (7,508,649)
2021	(7,508,649)
2022	(7,508,649)
2023	(7,533,102)
2024	(6,396,936)
Thereafter	(2,567,320)
Total	\$ (39,023,305)

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Actuarial assumptions:

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 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, 2018:

Inflation	2.75%
Salary Increases	TRS – 3.25-9.00%, 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	7.50%
Medicare eligible	5.50%
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 four 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, 2017 valuation were based on the results of an actuarial experience study for the pension system, which covered the five-year period ending June 30, 2014.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)

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.

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies, and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation.

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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	11.00
Total	<u>100.00%</u>	

* Rates shown are net of inflation

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE N - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Discount rate:

The discount rate has changed since the prior measurement date from 3.58% to 3.87%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.87% 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 (3.87% 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 2118. 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 2018. Therefore, the calculated discount rate of 3.87% 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 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current discount rate (3.87%)	1% Increase (4.87%)
Board's proportionate share of the net OPEB liability	\$ 353,255,991	\$ 302,526,410	\$ 261,618,312

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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Board's proportionate share of the net OPEB liability	\$ 254,336,389	\$ 302,526,410	\$ 364,111,482

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O – SUBSEQUENT EVENT

In July 2019, the Board entered into a financed purchase for the acquisition of computer equipment in the amount of \$3,118,500. The purchase carries an interest rate of 4.0% and matures July 1, 2022.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	1.984461%	1.915556%	1.840065%	1.791631%	1.715709%
School District's proportionate share of the net pension liability	\$ 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>384,793</u>	<u>430,622</u>	<u>482,768</u>	<u>360,504</u>	<u>303,335</u>
Total	<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	\$ 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	155.84%	161.86%	187.73%	144.23%	114.46%
Plan fiduciary net position as a percentage of the total pension liability	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 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>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>
School District's covered payroll	\$ 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	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>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%
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>4,213,692</u>	<u>3,647,269</u>	<u>4,671,562</u>	<u>2,968,319</u>	<u>2,474,142</u>
Total	<u>\$ 4,213,692</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	\$ 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-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	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

	2019	2018
Board's proportion of the net OPEB liability	2.380281%	2.298586%
Board's proportionate share of the net OPEB liability	\$ 302,526,410	\$ 322,950,408
Total	\$ 302,526,410	\$ 322,950,408
Board's covered-employee payroll	\$ 198,472,527	\$ 181,013,656
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	152.43%	178.41%
Plan fiduciary net position as a percentage of the total OPEB liability	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**

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 13,412,642	\$ 12,336,767
Contributions in relation to the contractually required contributions	<u>13,412,642</u>	<u>12,336,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 230,064,148	\$ 198,472,527
Contributions as a percentage of covered-employee payroll	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, 2019

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).

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).

School OPEB Fund:

Changes of assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll allocation.

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

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, 2019**

ASSETS	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	
Cash and cash equivalents	\$ 8,353,499	\$ -	\$ 4,632,054	\$ 25,714,061	\$ 38,699,614
Receivables:					
Accounts	-	-	3,459	-	3,459
Intergovernmental	-	1,785,953	-	-	1,785,953
Taxes, net of allowances	-	-	-	462,134	462,134
Inventory	-	-	189,729	-	189,729
Total assets	<u>\$ 8,353,499</u>	<u>\$ 1,785,953</u>	<u>\$ 4,825,242</u>	<u>\$ 26,176,195</u>	<u>\$ 41,140,889</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 64,780	\$ -	\$ -	\$ 64,780
Salaries and benefits payable	-	521,508	824,464	-	1,345,972
Due to other funds	-	1,033,249	590,744	-	1,623,993
Unearned revenue	-	-	793,972	-	793,972
Advances to other funds	637,000	-	-	-	637,000
Total liabilities	<u>637,000</u>	<u>1,619,537</u>	<u>2,209,180</u>	<u>-</u>	<u>4,465,717</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	196,391	196,391
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,391</u>	<u>196,391</u>
FUND BALANCES					
Nonspendable:					
Inventory	-	-	189,729	-	189,729
Restricted:					
Federal programs	-	166,416	-	-	166,416
Debt service	-	-	-	25,979,804	25,979,804
School food services	-	-	2,426,333	-	2,426,333
Committed:					
School activities	7,716,499	-	-	-	7,716,499
Total fund balances	<u>7,716,499</u>	<u>166,416</u>	<u>2,616,062</u>	<u>25,979,804</u>	<u>36,478,781</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,353,499</u>	<u>\$ 1,785,953</u>	<u>\$ 4,825,242</u>	<u>\$ 26,176,195</u>	<u>\$ 41,140,889</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, 2019**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	
REVENUES					
State funds	\$ -	\$ 50,000	\$ 379,706	\$ -	\$ 429,706
Federal funds	-	10,738,581	6,654,651	-	17,393,232
Local and other funds	18,851,534	87,439	10,945,417	29,401,473	59,285,863
Total revenues	<u>18,851,534</u>	<u>10,876,020</u>	<u>17,979,774</u>	<u>29,401,473</u>	<u>77,108,801</u>
EXPENDITURES					
Instruction	18,387,415	5,091,050	-	-	23,478,465
Support services:					
Pupil services	-	3,834,380	-	-	3,834,380
Improvement of instructional services	-	409,377	-	-	409,377
Instructional staff training	-	861,089	-	-	861,089
Federal grant administration	-	267,433	-	-	267,433
General administration	-	66,036	-	-	66,036
School administration	-	1,100	-	-	1,100
Student transportation services	-	150,791	-	-	150,791
Central support services	-	159,237	-	-	159,237
Other support services	-	188,789	-	-	188,789
Food services operation	-	-	18,469,653	-	18,469,653
Debt service:					
Principal retirement	-	-	-	35,330,000	35,330,000
Interest	-	-	-	18,925,486	18,925,486
Total expenditures	<u>18,387,415</u>	<u>11,029,282</u>	<u>18,469,653</u>	<u>54,255,486</u>	<u>102,141,836</u>
Excess (deficiency) of revenues over expenditures	<u>464,119</u>	<u>(153,262)</u>	<u>(489,879)</u>	<u>(24,854,013)</u>	<u>(25,033,035)</u>
OTHER FINANCING SOURCES					
Transfers in	-	218,002	-	37,040,350	37,258,352
Total other financing sources	<u>-</u>	<u>218,002</u>	<u>-</u>	<u>37,040,350</u>	<u>37,258,352</u>
Net change in fund balances	464,119	64,740	(489,879)	12,186,337	12,225,317
FUND BALANCES, beginning of year	<u>7,252,380</u>	<u>101,676</u>	<u>3,105,941</u>	<u>13,793,467</u>	<u>24,253,464</u>
FUND BALANCES, end of year	<u>\$ 7,716,499</u>	<u>\$ 166,416</u>	<u>\$ 2,616,062</u>	<u>\$ 25,979,804</u>	<u>\$ 36,478,781</u>

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SPLOST IV					
	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
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	\$ 18,377,838	\$ 10,392,935	\$ 28,770,773
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.	141,375,075	121,752,412	121,752,412	-	121,752,412
	<u>\$ 195,000,000</u>	<u>\$ 175,377,337</u>	<u>\$ 140,130,250</u>	<u>\$ 10,392,935</u>	<u>\$ 150,523,185</u>
SPLOST V					
	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
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	\$ 3,523
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.	159,471,625	159,471,625	19,893,425	37,040,350	56,933,775
	<u>\$ 195,000,000</u>	<u>\$ 195,000,000</u>	<u>\$ 19,893,425</u>	<u>\$ 37,043,873</u>	<u>\$ 56,937,298</u>
				Total SPLOST expenditures	47,436,808
				Non-SPLOST monies expended in Capital Projects Fund	66,355,208
				Total expenditures of Capital Projects Fund	<u>\$ 113,792,016</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***

**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, 2019, 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 20, 2020.

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) to determine the 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 2019-001, 2019-002 and 2019-003, that we consider to be material weaknesses.

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 determination of financial statement amounts. 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 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 20, 2020



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

**To the Superintendent and Members of
the 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, 2019. 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.

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, 2019.

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.

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 20, 2020

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U.S. Department of:			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food and Nutrition Program			
Food Services			
School Breakfast Program - Cash Assistance	10.553	19195GA324N1099	\$ 1,336,876
National School Lunch Program:			
Cash Assistance	10.555	19195GA324N1100	4,228,960
Non-Cash Assistance (Commodities) (1)	10.555	19195GA324N1100	<u>1,060,432</u>
Total Child Nutrition Cluster			<u>6,626,268</u>
Commercial Warehouse Grant	10.560	195GA904N2533	<u>28,383</u>
Total U.S. Department of Agriculture			<u>6,654,651</u>
Education, U.S. Department of:			
Pass-Through from Georgia Department of Education			
Special Education Cluster (IDEA)			
Part B-Special Education			
Flow Through	84.027	H027A180073	900,008
Flow Through	84.027	H027A180073	5,494,615
High Cost Fund Pool	84.027	H173A170081	71,806
Preschool	84.173	H173A170081	<u>104,697</u>
Total Special Education Cluster (IDEA)			<u>6,571,126</u>
Title I, Part A			
Improving Academic Achievement	84.010	S010A170010	123,323
Improving Academic Achievement	84.010	S010A180010	<u>2,314,486</u>
Total Title I, Part A			<u>2,437,809</u>
Title I - C			
Migrant Education	84.011	S011A180011	<u>10,230</u>
Title II			
Improving Teacher Quality	84.367	S367A170001	203,710
Improving Teacher Quality	84.367	S367A180001	433,825
Advance Placement	84.367	S367A180001	<u>6,100</u>
Total Title II			<u>643,635</u>
Title III			
Immigrant	84.365	S365A170010	16,464
Immigrant	84.365	S365A180010	13,566
Limited English Proficient	84.365	S365A170010	129,878
Limited English Proficient	84.365	S365A180010	<u>239,004</u>
Total Title III			<u>398,912</u>

(continued)

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Education, U.S. Department of (Continued):			
Pass-Through from Georgia Department of Education (Continued)			
Title IV			
Student Support & Academic Enrichment	84.424A	S424A170011	4,336
Student Support & Academic Enrichment	84.424A	S424A180011	<u>162,511</u>
Total Title IV			<u>166,847</u>
Education of Homeless Children and Youth	84.196	S196A180011	<u>45,637</u>
Total Education of Homeless Children and Youth			<u>45,637</u>
Vocational Education-Basic Grants to States			
Program Improvement	84.048	V048A180010	190,754
CTE Perkins Carryover	84.048	V048A180010	11,175
CTE Perkins Plus	84.048	V048A180010	<u>25,000</u>
Total Vocational Education-Basic Grants to States			<u>226,929</u>
Total U.S. Department of Education			<u>10,501,125</u>
Health and Human Services, U.S. Department of			
Mentors and Motivators	93.959	N/A	<u>125,195</u>
Defense, U.S. Department of			
R.O.T.C Program	12.Unknown	N/A	<u>109,181</u>
Pass-Through from Office of the State Treasurer			
Payments to States in Lieu of Real Estate Taxes	12.112	Unknown	<u>216,033</u>
Total U.S. Department of Defense			<u>325,214</u>
Total Expenditures of Federal Awards			<u>\$ 17,606,185</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, 2019

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, 2019

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

IDEA Cluster

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, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

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

Criteria: Internal controls should be in place to ensure that the general ledger is properly maintained and to ensure that all amounts reported in the financial statements are accurate, and appropriately reported in accordance with accounting standards generally accepted in the United State of America. The general ledger should also be reconciled to the subsidiary ledgers monthly.

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 adjustment 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.

Effects: Auditor adjusting journal entries of approximately \$6,614,000 were required in the governmental funds noted above to properly report beginning fund balance, cash, and internal balances for the fiscal year ended June 30, 2019.

FORSYTH COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019-001 Maintenance of the General Ledger and Reconciliation to the Subsidiary Ledgers (Continued)

Recommendation: We recommend the Board ensure that procedures are followed to monthly reconcile the general ledger to the subsidiary ledgers and additional procedures surrounding the financial statement closeout.

Auditee's Response: We concur with the finding. We will take the necessary steps in the future to ensure that the general ledger is properly maintained and reconciled to the subsidiary ledgers.

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019-002 Revenue Recognition

Criteria: Internal controls should be in place to ensure that the Board is recording unavailable revenue in accordance with accounting standards generally accepted in the United State of America under the modified accrual basis of accounting.

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.

Effects: Adjusting journal entries of approximately \$10,819,000 were required to properly report revenue and unavailable revenue for the fiscal year ended June 30, 2019.

Recommendation: We recommend the Board implement procedures to review its receivables for proper reporting of revenue in the correct fiscal year.

Auditee's Response: We concur with the finding. We will take the necessary steps in the future to ensure that revenue is recognized properly within the availability period.

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019-003 Expenditure Recognition

Criteria: Generally, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows.

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.

Effects: Audit adjustments totaling approximately \$3,200,000 were needed to correctly report expenditures and the related balance sheet accounts.

Recommendation: We recommend the Board carefully review all expenditures and related balance sheet accounts to ensure all necessary transactions are reported in the proper period and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures and related balance sheet accounts are properly recorded.

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019**

None reported.

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

Corrective Action Plan: The CFO and staff will post all suggested journal entries provided by auditors in the financial statements when received. The CFO and staff will analyze the advances between general fund and schools annually and insure that those balances are posted and/or provided to the auditors as required journal entries for the annual audit. The CFO and staff will reconcile due to/from for all funds and make appropriate adjusting journal entries to correct cash. Fund level cash imbalances for fiscal year 2019 have been corrected and the general ledger agrees to subsidiary ledgers. The general ledger and subsidiary ledgers will be reviewed and reconciled monthly.

Anticipated Completion Date: June 30, 2020

2019-002 Revenue 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 state capital projects funding annually and post journal entries to recognize funds available for that fiscal year and reclassify funds not available to unavailable revenue on the financial statements.

Anticipated Completion Date: June 30, 2020

2019-003 Expenditure 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 work with facilities staff annually to pull necessary documentation to determine if retainage cost exist on all current construction projects and post that cost to the financial statements.

Anticipated Completion Date: June 30, 2020