



MAULDIN & JENKINS

CPAs & ADVISORS

FORSYTH COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2023

FORSYTH COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
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**FORSYTH COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

I. FINANCIAL SECTION

Independent Auditor’s Report	1-4
Management’s Discussion and Analysis	5-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis)	20
Notes to Financial Statements	21-59
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia	60
Schedule of Contributions – Teachers Retirement System of Georgia	61
Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia	62
Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund	63
Schedule of Contributions – School OPEB Fund	64
Notes to Required Supplementary Information	65
Combining Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	67
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	68 and 69

**FORSYTH COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

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 <i>Government Auditing Standards</i>	70 and 71
Independent Auditor’s Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	72-74
Schedule of Expenditures of Federal Awards	75 and 76
Notes to the Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	78-80
Status of Prior Year Findings	81

I. FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forsyth County Board of Education** as of and for the year ended June 30, 2023, 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.

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, 2023, and the respective changes in financial position and the budgetary comparison statement for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We 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 (Governmental Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Forsyth County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds are 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 March 1, 2024, 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
March 1, 2024

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

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, 2023. 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 2023 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 \$256.1 million.
- The School District had \$729.7 million in expenses relating to governmental activities; only \$367.9 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$410.4 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$410.4 million or 52.7% of all revenues totaling \$778.2 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 \$48.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2023
ASSETS		
Current and other assets	\$ 360,377,890	\$ 355,796,565
Capital assets	1,124,157,016	1,145,243,705
Total assets	1,484,534,906	1,501,040,270
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	1,388,589	713,676
Pension related items	156,700,004	345,393,242
OPEB related items	91,385,349	89,447,780
Total deferred outflows of resources	249,473,942	435,554,698
LIABILITIES		
Current liabilities	54,335,848	55,010,512
Long-term liabilities	1,042,611,279	1,465,048,550
Total liabilities	1,096,947,127	1,520,059,062
DEFERRED INFLOWS OF RESOURCES		
Pension related items	276,728,573	3,630,139
OPEB related items	152,745,869	156,806,438
Total deferred inflows of resources	429,474,442	160,436,577
NET POSITION		
Net investment in capital assets	554,791,393	639,361,637
Restricted	158,372,692	133,632,875
Unrestricted	(505,576,806)	(516,895,183)
Total net position	\$ 207,587,279	\$ 256,099,329

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

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2023
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 5,117,145	\$ 16,337,382
Operating grants and contributions	348,505,671	351,169,509
Capital grants and contributions	7,445,157	352,440
General revenues:		
Taxes:		
Property taxes		
For maintenance and operations	231,430,612	279,742,813
For debt service	32,474,838	23,100,828
Sales taxes	56,690,663	59,399,428
Other taxes:		
Intangible taxes	11,525,393	6,082,493
Real estate transfer taxes	4,145,901	3,014,255
Title ad valorem tax	22,368,323	25,014,470
Unrestricted investment earnings	352,958	8,265,272
Gain on disposal of capital assets	119,309	52,805
Other	7,346,227	5,679,611
Total revenues	<u>727,522,197</u>	<u>778,211,306</u>
<u>Expenses</u>		
Instruction	390,462,596	516,516,482
Support services:		
Pupil services	15,737,901	18,644,198
Improvement of instructional services	10,132,280	14,997,021
Instructional staff training	1,579,762	2,291,666
Educational media services	3,554,179	4,822,155
Federal grant administration	143,321	183,467
General administration	1,327,579	1,545,847
School administration	28,532,158	37,006,456
Business administration	3,169,393	5,678,181
Maintenance and operation of plant	40,748,549	46,772,809
Student transportation services	28,391,664	33,401,576
Central support services	19,908,289	20,330,616
Other support services	721,187	1,048,949
Food services operations	22,539,241	21,800,484
Community services operations	1,838,296	2,469,332
Interest on long-term debt	14,184,738	2,190,017
Total expenses	<u>582,971,133</u>	<u>729,699,256</u>
Change in net position	144,551,064	48,512,050
Net position, beginning of year	63,036,215	207,587,279
Net position, end of year	<u>\$ 207,587,279</u>	<u>\$ 256,099,329</u>

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

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	
	2022	2023	2022	2023
Instruction	\$ 390,462,596	\$ 516,516,482	\$ 127,831,365	\$ 236,299,451
Support services:				
Pupil services	15,737,901	18,644,198	9,048,533	11,660,456
Improvement of instructional services	10,132,280	14,997,021	7,054,756	10,066,849
Instructional staff training	1,579,762	2,291,666	1,579,762	2,291,666
Educational media services	3,554,179	4,822,155	(3,878,239)	(2,975,804)
Federal grant administration	143,321	183,467	143,321	183,467
General administration	1,327,579	1,545,847	(5,332,892)	(5,583,793)
School administration	28,532,158	37,006,456	15,814,663	24,140,768
Business administration	3,169,393	5,678,181	3,074,352	5,632,891
Maintenance and operation of plant	40,748,549	46,772,809	23,626,429	29,934,696
Student transportation services	28,391,664	33,401,576	22,607,130	29,491,977
Central support services	19,908,289	20,330,616	18,462,579	20,134,901
Other support services	721,187	1,048,949	226,285	86,949
Food services operations	22,539,241	21,800,484	(12,338,723)	(1,503,241)
Community services operations	1,838,296	2,469,332	(200,899)	(211,325)
Interest on long-term debt	14,184,738	2,190,017	14,184,738	2,190,017
Total expenditures	<u>\$ 582,971,133</u>	<u>\$ 729,699,256</u>	<u>\$ 221,903,160</u>	<u>\$ 361,839,925</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 \$786.5 million and total expenditures and other financing uses of \$790.7 million.

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

Major Funds:

General Fund

The General Fund is the operating fund of the School District. Revenue from state and federal sources accounted for 47.2% of the School District's revenues. The other 52.8% is from local sources, primarily ad valorem taxes.

The student population of the School District continues to grow. There was an increase in full-time equivalents (FTE) of 1598 when comparing state QBE allotment sheets for fiscal years 2022 and 2023.

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 Capital Outlay funds made up the majority of the 2023 revenues. SPLOST funds were transferred to the Debt Services Fund for the payment of bonds which were designated in the SPLOST referendum.

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 2023, 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 budgetary basis revenues and other financing sources of \$620.7 million were more than the original budgeted amounts of \$593.4 million by \$27.3 million.

Total budgetary basis actual total revenues had a \$11.5 million favorable variance when compared to the final budgeted revenue total.

The budgetary basis actual expenditures of \$597.4 million were greater than the original budgeted amount of \$585.5 million by \$12.0 million.

The budgetary basis actual expenditures had a \$10.0 million favorable variance when compared to the final budgeted expenditures.

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

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 274,479,902	\$ 287,750,831	\$ 293,054,388	\$ 5,303,557
Federal sources	55,000	55,000	48,855	(6,145)
Local sources and other funds	318,734,881	318,584,437	323,764,819	5,180,382
On behalf payments	-	-	1,046,943	1,046,943
Total revenues	<u>593,269,783</u>	<u>606,390,268</u>	<u>617,915,005</u>	<u>11,524,737</u>
EXPENDITURES				
Current:				
Instruction	425,092,981	443,419,648	428,302,442	15,117,206
Support services:				
Pupil services	12,490,586	12,802,792	11,652,839	1,149,953
Improvement of instructional services	12,435,229	12,934,290	13,599,305	(665,015)
Instructional staff training	24,742	18,995	1,033,700	(1,014,705)
Educational media services	5,206,925	5,381,675	4,573,721	807,954
General administration	1,401,952	1,429,852	1,412,251	17,601
School administration	31,990,466	33,127,901	34,572,183	(1,444,282)
Business administration	3,285,460	3,330,469	3,712,065	(381,596)
Maintenance and operation of plant	46,091,790	46,484,134	47,170,786	(686,652)
Student transportation services	30,176,761	30,832,947	29,480,457	1,352,490
Central support services	14,648,372	14,883,765	12,650,346	2,233,419
Other support services	154,560	154,560	251,106	(96,546)
Capital outlay	14,000	4,525	2,698,219	(2,693,694)
Food services operations	-	182,075	287,796	(105,721)
Debt service:				
Principal retirement	1,655,000	1,655,000	5,245,031	(3,590,031)
Interest and fixed charges	723,700	723,700	745,545	(21,845)
Total expenditures	<u>585,392,524</u>	<u>607,366,328</u>	<u>597,387,792</u>	<u>9,978,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,877,259</u>	<u>(976,060)</u>	<u>20,527,213</u>	<u>21,503,273</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	85,000	85,000	92,833	7,833
Subscription liability	-	-	2,693,694	2,693,694
Transfers out	(145,562)	(145,562)	(158,866)	(13,304)
Total of other financing sources (uses)	<u>(60,562)</u>	<u>(60,562)</u>	<u>2,627,661</u>	<u>2,688,223</u>
Net change in fund balances	7,816,697	(1,036,622)	23,154,874	24,191,496
FUND BALANCES, beginning of year	<u>118,670,687</u>	<u>118,670,687</u>	<u>118,670,687</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 126,487,384</u>	<u>\$ 117,634,065</u>	<u>\$ 141,825,561</u>	<u>\$ 24,191,496</u>

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2023, the School District had \$1,145 million invested in capital assets, all in governmental activities. Capital assets increased \$21.1 million over the balance at June 30, 2022.

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

Table 5
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2023
Land	\$ 119,375,477	\$ 119,603,421
Land Improvements	22,109,837	22,325,695
Construction in Progress	20,481,041	34,581,165
Buildings	898,604,533	902,432,025
Furniture and Equipment	61,670,723	63,390,812
Lease Assets	1,915,405	965,069
Subscription Assets	-	1,945,518
Total	\$ 1,124,157,016	\$ 1,145,243,705

Debt

At fiscal year ended June 30, 2023, the School District had \$484.4 million in bonds outstanding, approximately \$15.8 million in an intergovernmental payable outstanding, \$1.9 million in financed purchases outstanding, \$1.0 million in lease liabilities outstanding and \$0.7 million in subscription liabilities.

Note I summarizes the School District's debt for general obligation bonds, financed purchases, and lease liabilities.

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

Table 6
Debt Summary

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2023
General Obligation Bonds	\$ 545,721,724	\$ 484,408,377
Intergovernmental Payable	17,350,000	15,775,000
Financed Purchases	4,524,009	1,916,882
Lease Liabilities	1,978,649	1,014,527
Subscription Liabilities	-	736,727
Total General Long-Term Debt	\$ 569,574,382	\$ 503,851,513

At June 30, 2023, 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 shown remarkable growth in the current year. For fiscal year 2022 the digest showed an increase of 4.81% and for fiscal year 2023 it shows an increase of 21.33%.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

FORSYTH COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 288,056,112
Receivables:	
Accounts	638,811
Intergovernmental	55,213,335
Taxes, net of allowances	10,736,677
Inventory	1,077,022
Prepaid items	74,608
Capital assets (nondepreciable)	154,184,586
Capital assets (depreciable, net of accumulated depreciation and amortization)	991,059,119
Total assets	1,501,040,270
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	713,676
Pension related items	345,393,242
OPEB related items	89,447,780
Total deferred outflows of resources	435,554,698
LIABILITIES	
Accounts payable	2,362,044
Retainage payable	2,744,231
Salaries and benefits payable	41,940,178
Accrued interest payable	7,964,059
Lease liabilities due within one year	936,080
Lease liabilities due in more than one year	78,447
Subscription liabilities due within one year	431,760
Subscription liabilities due in more than one year	304,967
Financed purchases payable due within one year	1,916,882
Accrued claims payable due within one year	227,913
Accrued claims payable due in more than one year	151,942
Intergovernmental payable due within one year	1,655,000
Intergovernmental payable due in more than one year	14,120,000
Bonds payable due within one year	43,810,000
Bonds payable due in more than one year	440,598,377
Net pension liability due in more than one year	697,401,653
Net OPEB liability due in more than one year	263,415,529
Total liabilities	1,520,059,062
DEFERRED INFLOWS OF RESOURCES	
Pension related items	3,630,139
OPEB related items	156,806,438
Total deferred inflows of resources	160,436,577
NET POSITION	
Net investment in capital assets	639,361,637
Restricted for:	
Capital projects	55,435,511
Debt service	9,213,960
SPLOST programs	47,463,602
School food services	21,136,773
Federal programs	383,029
Unrestricted	(516,895,183)
Total net position	\$ 256,099,329

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 516,516,482	\$ 708,758	\$ 279,508,273	\$ -	\$ (236,299,451)
Support services:					
Pupil services	18,644,198	-	6,983,742	-	(11,660,456)
Improvement of instructional services	14,997,021	-	4,930,172	-	(10,066,849)
Instructional staff training	2,291,666	-	-	-	(2,291,666)
Educational media services	4,822,155	-	7,797,959	-	2,975,804
Federal grant administration	183,467	-	-	-	(183,467)
General administration	1,545,847	-	7,129,640	-	5,583,793
School administration	37,006,456	-	12,865,688	-	(24,140,768)
Business administration	5,678,181	-	45,290	-	(5,632,891)
Maintenance and operation of plant	46,772,809	-	16,838,113	-	(29,934,696)
Student transportation services	33,401,576	-	3,557,159	352,440	(29,491,977)
Central support services	20,330,616	-	195,715	-	(20,134,901)
Other support services	1,048,949	-	962,000	-	(86,949)
Food services operation	21,800,484	13,159,292	10,144,433	-	1,503,241
Community services operation	2,469,332	2,469,332	211,325	-	211,325
Interest on long-term debt	2,190,017	-	-	-	(2,190,017)
Total governmental activities	\$ 729,699,256	\$ 16,337,382	\$ 351,169,509	\$ 352,440	(361,839,925)

General revenues:

Property taxes, levied for general purposes	279,742,813
Property taxes, levied for debt service	23,100,828
Sales taxes	59,399,428
Intangible taxes	6,082,493
Real estate transfer taxes	3,014,255
Title ad valorem tax	25,014,470
Unrestricted investment earnings	8,265,272
Gain on disposal of capital assets	52,805
Other	5,679,611
Total general revenues	410,351,975
Change in net position	48,512,050
Net position, beginning of year	207,587,279
Net position, end of year	\$ 256,099,329

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

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

ASSETS	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 133,554,909	\$ 102,960,522	\$ 51,540,681	\$ 288,056,112
Receivables:				
Accounts	638,811	-	-	638,811
Intergovernmental	41,837,610	9,929,638	3,446,087	55,213,335
Taxes, net of allowances	4,740,183	5,749,091	247,403	10,736,677
Due from other funds	2,347,457	-	-	2,347,457
Inventory	813,873	-	263,149	1,077,022
Prepaid items	74,608	-	-	74,608
Advances to other funds	627,866	-	-	627,866
Total assets	<u>\$ 184,635,317</u>	<u>\$ 118,639,251</u>	<u>\$ 55,497,320</u>	<u>\$ 358,771,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,123,933	\$ 1,180,031	\$ 58,080	\$ 2,362,044
Retainage payable	-	2,744,231	-	2,744,231
Salaries and benefits payable	40,445,965	-	1,494,213	41,940,178
Due to other funds	-	-	2,347,457	2,347,457
Advances from other funds	-	-	627,866	627,866
Total liabilities	<u>41,569,898</u>	<u>3,924,262</u>	<u>4,527,616</u>	<u>50,021,776</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,239,858	-	133,274	1,373,132
Unavailable revenue - federal grants	-	-	12,110	12,110
Unavailable revenue - state grants	-	9,929,638	-	9,929,638
Total deferred inflows of resources	<u>1,239,858</u>	<u>9,929,638</u>	<u>145,384</u>	<u>11,314,880</u>
FUND BALANCES				
Nonspendable:				
Inventory	813,873	-	263,149	1,077,022
Prepaid items	74,608	-	-	74,608
Advances	627,866	-	-	627,866
Restricted:				
Capital projects	-	45,505,873	-	45,505,873
Debt service	-	-	17,044,745	17,044,745
SPLOST programs	-	44,719,371	-	44,719,371
School food services	-	-	20,873,624	20,873,624
Federal programs	-	-	370,919	370,919
Committed:				
School activities	-	-	12,271,883	12,271,883
Assigned:				
Debt service	33,000,000	14,560,107	-	47,560,107
Future employee supplements	4,909,947	-	-	4,909,947
Unassigned	102,399,267	-	-	102,399,267
Total fund balances	<u>141,825,561</u>	<u>104,785,351</u>	<u>50,824,320</u>	<u>297,435,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 184,635,317</u>	<u>\$ 118,639,251</u>	<u>\$ 55,497,320</u>	<u>\$ 358,771,888</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, 2023**

Total fund balances - governmental funds	\$	297,435,232
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Cost	\$	1,619,518,827
Less accumulated depreciation and amortization		<u>(474,275,122)</u>
		1,145,243,705
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.		
		11,314,880
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net pension liability	\$	(697,401,653)
Pension related deferred outflows of resources		345,393,242
Pension related deferred inflows of resources		<u>(3,630,139)</u>
		(355,638,550)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.		
Net OPEB liability	\$	(263,415,529)
OPEB related deferred outflows of resources		89,447,780
OPEB related deferred inflows of resources		<u>(156,806,438)</u>
		(330,774,187)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Bonds payable	\$	(440,480,000)
Premium, net of amortization		(43,928,377)
Intergovernmental contract payable		(15,775,000)
Deferred charge on refunding		713,676
Accrued interest		(7,964,059)
Lease liabilities		(1,014,527)
Accrued claims payable		(379,855)
Subscription liabilities		(736,727)
Financed purchases		<u>(1,916,882)</u>
		<u>(511,481,751)</u>
	\$	<u>256,099,329</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, 2023**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
State funds	\$ 293,054,388	\$ 2,142,336	\$ 728,424	\$ 295,925,148
Federal funds	48,855	-	29,971,969	30,020,824
Local and other funds	326,234,151	62,313,728	64,533,691	453,081,570
On behalf payments	1,046,943	-	-	1,046,943
Total revenues	<u>620,384,337</u>	<u>64,456,064</u>	<u>95,234,084</u>	<u>780,074,485</u>
EXPENDITURES				
Current:				
Instruction	428,302,442	-	31,817,635	460,120,077
Support services:				
Pupil services	11,652,839	-	5,853,142	17,505,981
Improvement of instructional services	13,599,305	-	473,366	14,072,671
Instructional staff training	1,033,700	-	1,209,986	2,243,686
Educational media services	4,573,721	-	-	4,573,721
Federal grant administration	-	-	170,801	170,801
General administration	1,412,251	-	48,855	1,461,106
School administration	34,572,183	-	3,472	34,575,655
Business administration	3,712,065	-	-	3,712,065
Maintenance and operation of plant	47,170,786	-	-	47,170,786
Student transportation services	29,480,457	-	459,811	29,940,268
Central support services	12,650,346	-	35,363	12,685,709
Other support services	251,106	-	796,601	1,047,707
Food services operation	287,796	-	21,592,560	21,880,356
Community services operation	2,469,332	-	-	2,469,332
Capital outlay	2,698,219	55,940,621	4,000,589	62,639,429
Debt service:				
Principal retirement	5,245,031	1,858,185	42,285,000	49,388,216
Interest	745,545	260,722	20,404,786	21,411,053
Total expenditures	<u>599,857,124</u>	<u>58,059,528</u>	<u>129,151,967</u>	<u>787,068,619</u>
Excess (deficiency) of revenues over expenditures	<u>20,527,213</u>	<u>6,396,536</u>	<u>(33,917,883)</u>	<u>(6,994,134)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	92,833	-	-	92,833
Subscription liability	2,693,694	-	-	2,693,694
Transfers in	-	-	3,598,759	3,598,759
Transfers out	(158,866)	(3,439,893)	-	(3,598,759)
Total other financing sources (uses)	<u>2,627,661</u>	<u>(3,439,893)</u>	<u>3,598,759</u>	<u>2,786,527</u>
Net change in fund balances	23,154,874	2,956,643	(30,319,124)	(4,207,607)
FUND BALANCES, beginning of year	<u>118,670,687</u>	<u>101,828,708</u>	<u>81,143,444</u>	<u>301,642,839</u>
FUND BALANCES, end of year	<u>\$ 141,825,561</u>	<u>\$ 104,785,351</u>	<u>\$ 50,824,320</u>	<u>\$ 297,435,232</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, 2023**

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

Net change in fund balances - total governmental funds	\$	(4,207,607)
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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 or amortization expense. The amount by which capital outlay exceeded depreciation expense and amortization expense is as follows:

Capital outlay	\$ 67,891,273	
Depreciation expense and amortization expense	<u>(46,764,556)</u>	21,126,717

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

Net book value of assets sold		(40,028)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	\$ 226,353	
Federal and state grants	<u>(2,142,337)</u>	(1,915,984)

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.

(32,858,647)

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	\$ 49,388,216	
Subscription liability	(2,693,694)	
Amortization of bond premium	19,028,347	
Amortization of deferred charge from refunding	<u>(674,913)</u>	65,047,956

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	\$ 492,041	
Change in accrued interest		
Accrued interest payable, June 30, 2022	8,831,661	
Accrued interest payable, June 30, 2023	<u>(7,964,059)</u>	<u>1,359,643</u>

Change in net position - governmental activities	\$	<u><u>48,512,050</u></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, 2023**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 274,479,902	\$ 287,750,831	\$ 293,054,388	\$ 5,303,557
Federal sources	55,000	55,000	48,855	(6,145)
Local sources and other funds	318,734,881	318,584,437	323,764,819	5,180,382
On behalf payments	-	-	1,046,943	1,046,943
Total revenues	<u>593,269,783</u>	<u>606,390,268</u>	<u>617,915,005</u>	<u>11,524,737</u>
EXPENDITURES				
Current:				
Instruction	425,092,981	443,419,648	428,302,442	15,117,206
Support services:				
Pupil services	12,490,586	12,802,792	11,652,839	1,149,953
Improvement of instructional services	12,435,229	12,934,290	13,599,305	(665,015)
Instructional staff training	24,742	18,995	1,033,700	(1,014,705)
Educational media services	5,206,925	5,381,675	4,573,721	807,954
General administration	1,401,952	1,429,852	1,412,251	17,601
School administration	31,990,466	33,127,901	34,572,183	(1,444,282)
Business administration	3,285,460	3,330,469	3,712,065	(381,596)
Maintenance and operation of plant	46,091,790	46,484,134	47,170,786	(686,652)
Student transportation services	30,176,761	30,832,947	29,480,457	1,352,490
Central support services	14,648,372	14,883,765	12,650,346	2,233,419
Other support services	154,560	154,560	251,106	(96,546)
Capital outlay	14,000	4,525	2,698,219	(2,693,694)
Food service operations	-	182,075	287,796	(105,721)
Debt service:				
Principal retirement	1,655,000	1,655,000	5,245,031	(3,590,031)
Interest and fiscal charges	723,700	723,700	745,545	(21,845)
Total expenditures	<u>585,392,524</u>	<u>607,366,328</u>	<u>597,387,792</u>	<u>9,978,536</u>
Excess (deficiency) of revenues over expenditures	<u>7,877,259</u>	<u>(976,060)</u>	<u>20,527,213</u>	<u>21,503,273</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	85,000	85,000	92,833	7,833
Subscription liability	-	-	2,693,694	2,693,694
Transfers out	(145,562)	(145,562)	(158,866)	(13,304)
Total other financing sources (uses)	<u>(60,562)</u>	<u>(60,562)</u>	<u>2,627,661</u>	<u>2,688,223</u>
Net change in fund balances	7,816,697	(1,036,622)	23,154,874	24,191,496
FUND BALANCES, beginning of year	<u>118,670,687</u>	<u>118,670,687</u>	<u>118,670,687</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 126,487,384</u>	<u>\$ 117,634,065</u>	<u>\$ 141,825,561</u>	<u>\$ 24,191,496</u>

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 (“US GAAP”) 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 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, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide governmental activities and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, including lease payments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School District the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

The State of Georgia reimburses the School 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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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.

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 special revenue funds are used to account for revenues and expenditures related to federal programs, school activity funds and school food service operations.

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 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, 2023, 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.

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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, right-to-use lease assets and right-to-use subscription assets are reported in the governmental activities in the government-wide statement of net position and depreciated or amortized 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, with the exception for right-to-use lease assets and right-to-use subscription assets for which \$100,000 is the School District’s capitalization threshold. 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.

Capital assets and right-to-use leased assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-40
Buildings	25-50
Right-to-use lease buildings	25-50
Building improvements	10-30
Vehicles	8-15
Equipment	5-20
Right-to-use lease equipment	5-20

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Leases

Lessee

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

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

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

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

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

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Subscription-Based Information Technology Arrangements

The School District has entered into noncancelable long-term subscription-based information technology arrangements (SBITAs) for various software programs related to cloud-based infrastructure, student assessment, and GPS technology for its school buses. The School District recognizes a right-to-use subscription asset and corresponding subscription liability in the government-wide financial statements.

At the commencement of the subscription term, the School District measures the subscription liability at the present value of minimum payments required to be paid during the subscription term. The right-to-use subscription asset is initially measured as the sum of the initial subscription liability amount plus payments made to the vendor before commencement of the subscription term and capitalizable implementation costs, less any incentive received from the vendor at or before commencement.

The School District's SBITA activities, other than making subscription payments, are accounted for as follows:

- Preliminary project stage activities including evaluating alternatives, determining the needed technology, and vendor selection are expensed as incurred.
- Initial implementation stage activities including all ancillary charges necessary to place the subscription asset into service are capitalized in addition to the subscription asset.
- Operation and additional implementation stage activities such as maintenance and support are expensed as incurred.

Key estimates and judgments related to the School District's subscription assets and liabilities include how the School District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not specified, the School District generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the subscription term. Subscription payments included in the measurement of the subscription assets and liabilities are composed of fixed payments due to the vendor over the subscription term.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has 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, federal grants, and state grants. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, federal grants, 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 pension plan actuary, which will be amortized over the remaining service period; and (2) 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, 2023

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 assets 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 School District's actual contributions to the pension plan and OPEB plan during the fiscal year ended June 30, 2023 which are subsequent to the measurement date of the net pension liability and net OPEB liability and will be recognized in fiscal year 2024; (2) a deferred outflow of resources for experience gains or losses related to the pension plan and OPEB plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions in the net pension liability and net OPEB liability that will be amortized over the remaining service period; (4) a deferred outflow of resources for the change in the School 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 change in the School District's proportionate share based on actual contributions towards the school OPEB plan, which will be amortized over the remaining service period; (6) a deferred inflow of resources for experience gains or losses related to the pension plan and OPEB plan which will be amortized over the remaining service period, (7) a deferred inflow of resources for the changes in actuarial assumptions in the net OPEB liability that will be amortized over the remaining service period, and (8) a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension and OPEB assets, which will be amortized over a five year period.

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, 2023

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, 2023

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, 2023

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, 2023:

General Fund:		
Support services:		
Improvement of instructional services	\$	665,015
Instructional staff training		1,014,705
School administration		1,444,282
Business administration		381,596
Maintenance and operation of plant		686,652
Other support services		96,546
Capital outlay		2,693,694
Food service operations		105,721
Debt service:		
Principal retirement		3,590,031
Interest and fiscal charges		21,845

These over expenditures were funded with revenues recognized in excess of budgeted amounts.

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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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	\$ 620,384,337
Community Service Activity (not budgeted)	(2,469,332)
Actual Revenues, Budgetary Basis	\$ 617,915,005
Expenditures GAAP Basis	\$ 599,857,124
Community Service Activity (not budgeted)	(2,469,332)
Actual Expenditures, Budgetary Basis	\$ 597,387,792
Net Change in Fund Balance, Budgetary Basis	\$ 23,154,874
Net Change in Fund Balance, GAAP Basis	\$ 23,154,874

NOTE C - DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2023 are summarized as follows:

Investment	Weighted Average Maturity	Fair Value
Deposits with Financial Institutions	---	\$ 197,619,355
Georgia Fund 1 - cash equivalents	28 days	90,436,757
Total cash and cash equivalents - Statement of Net Position		\$ 288,056,112

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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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, 2023, the financial institution holding all of the School 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, 2023, all of the School District's bank balances were insured and/or collateralized as defined by GASB and required by state statutes.

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

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

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of grant reimbursements due from federal, state or other grantors for expenditures made but not yet reimbursed. The Georgia Department of Education is the primary government agency that grants are due from as of June 30, 2023.

NOTE E - TAXES RECEIVABLE

Taxes receivable include property taxes and sales taxes due to the School District. Property taxes were levied on August 19, 2022, based on property values assessed as of January 1, 2022, and were payable on or before November 15, 2022. An interest penalty of 2% per annum is charged on property taxes paid after that date. Property tax receivables are shown net of an allowance for uncollectibles of \$36,714 in the General Fund and \$5,006 in the Debt Service Fund.

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FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F - CAPITAL ASSETS

Changes in capital assets used in the School District's governmental activities during the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 119,375,477	\$ 227,944	\$ -	\$ -	\$ 119,603,421
Construction in progress	20,481,041	21,823,714	-	(7,723,590)	34,581,165
Total capital assets, not being depreciated	<u>139,856,518</u>	<u>22,051,658</u>	<u>-</u>	<u>(7,723,590)</u>	<u>154,184,586</u>
Capital assets, being depreciated:					
Land improvements	50,964,341	2,152,935	-	-	53,117,276
Buildings	1,188,814,961	23,893,029	-	7,723,590	1,220,431,580
Furniture and equipment	181,798,444	17,099,957	(12,672,451)	-	186,225,950
Total capital assets, being depreciated	<u>1,421,577,746</u>	<u>43,145,921</u>	<u>(12,672,451)</u>	<u>7,723,590</u>	<u>1,459,774,806</u>
Less accumulated depreciation for:					
Land improvements	(28,854,504)	(1,937,077)	-	-	(30,791,581)
Buildings	(290,210,428)	(27,789,127)	-	-	(317,999,555)
Furniture and equipment	(120,127,721)	(15,339,840)	12,632,423	-	(122,835,138)
Total accumulated depreciation	<u>(439,192,653)</u>	<u>(45,066,044)</u>	<u>12,632,423</u>	<u>-</u>	<u>(471,626,274)</u>
Total capital assets, being depreciated, net	<u>982,385,093</u>	<u>(1,920,123)</u>	<u>(40,028)</u>	<u>7,723,590</u>	<u>988,148,532</u>
Governmental activities capital assets, net, excluding lease and subscription assets	<u>\$ 1,122,241,611</u>	<u>\$ 20,131,535</u>	<u>\$ (40,028)</u>	<u>\$ -</u>	1,142,333,118
Lease assets (Note G)					965,069
Subscription assets (Note H)					<u>1,945,518</u>
Total capital assets, net, as reported in the statement of net position					<u>\$ 1,145,243,705</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the School District as follows:

Governmental activities:

Instruction	\$ 33,071,754
Pupil services	85,199
Business administration	227,792
General administration	2,501
Maintenance and operations of plant	1,797,622
Student transportation services	2,534,136
Central support services	7,028,092
School nutrition program	318,948
Total depreciation expense	<u>\$ 45,066,044</u>

NOTE G - LEASE ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Lease assets:				
Buildings	\$ 152,362	\$ -	\$ -	\$ 152,362
Furniture and equipment	2,713,379	-	-	2,713,379
Total	<u>2,865,741</u>	<u>-</u>	<u>-</u>	<u>2,865,741</u>
Less accumulated amortization:				
Buildings	(70,321)	(70,321)	-	(140,642)
Furniture and equipment	(880,015)	(880,015)	-	(1,760,030)
Total	<u>(950,336)</u>	<u>(950,336)</u>	<u>-</u>	<u>(1,900,672)</u>
Total lease assets, net	<u>\$ 1,915,405</u>	<u>\$ (950,336)</u>	<u>\$ -</u>	<u>\$ 965,069</u>

Amortization expense was charged to functions of the School District as follows:

Governmental activities:

Central support services	\$ 950,336
Total amortization expense	<u>\$ 950,336</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE H - SUBSCRIPTION ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Subscription assets	\$ -	\$ 2,693,694	\$ -	\$ 2,693,694
Total	<u>-</u>	<u>2,693,694</u>	<u>-</u>	<u>2,693,694</u>
Less accumulated amortization:				
Subscription assets	-	(748,176)	-	(748,176)
Total	<u>-</u>	<u>(748,176)</u>	<u>-</u>	<u>(748,176)</u>
Total subscription assets, net	<u>\$ -</u>	<u>\$ 1,945,518</u>	<u>\$ -</u>	<u>\$ 1,945,518</u>

Amortization expense was charged to functions of the School District as follows:

Governmental activities:

Central support services	\$ 748,176
Total amortization expense	<u>\$ 748,176</u>

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FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – LONG-TERM DEBT

The following is a summary of long-term debt activity of the School District for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable	\$ 482,765,000	\$ -	\$ (42,285,000)	\$ 440,480,000	\$ 43,810,000
Bond premiums	62,956,724	-	(19,028,347)	43,928,377	-
Bonds payable, net	<u>545,721,724</u>	-	<u>(61,313,347)</u>	<u>484,408,377</u>	<u>43,810,000</u>
Lease liabilities	1,978,649	-	(964,122)	1,014,527	936,080
Subscription liabilities	-	2,693,694	(1,956,967)	736,727	431,760
Intergovernmental payable	17,350,000	-	(1,575,000)	15,775,000	1,655,000
Financed purchases	4,524,009	-	(2,607,127)	1,916,882	1,916,882
Net pension liability	189,187,977	593,248,431	(85,034,755)	697,401,653	-
Net OPEB liability	282,977,024	38,249,333	(57,810,828)	263,415,529	-
Claims payable	871,896	1,482,579	(1,974,620)	379,855	227,913
Total governmental activities long-term liabilities	<u>\$ 1,042,611,279</u>	<u>\$ 635,674,037</u>	<u>\$ (213,236,766)</u>	<u>\$ 1,465,048,550</u>	<u>\$ 48,977,635</u>

Bonds

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

<u>Issuance</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
Series 2014	4.00 - 5.00%	February 1, 2024	\$ 5,375,000
Series 2016	5.00%	February 1, 2033	72,325,000
Series 2018	5.00%	February 1, 2038	123,065,000
Series 2020	5.00%	February 1, 2038	135,920,000
Series 2021	0.37 - 2.28%	February 1, 2033	103,795,000
			<u>\$ 440,480,000</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – LONG-TERM DEBT – (CONTINUED)

Bonds – (Continued)

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, 2023 was \$42,280,000.

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 School 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 School District. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued July 31, 2018 with a premium of \$24,187,575 and an interest rate of 5%. The principal and interest payments are due semiannually beginning February 1, 2019. The bonds are scheduled to mature on February 1, 2038.

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – LONG-TERM DEBT – (CONTINUED)

Bonds – (Continued)

In the fiscal year 2022, the School District issued \$109,285,000 of general obligation refunding bonds, Series 2021, for the purpose of advance refunding a portion of the balance of the Series 2013 general obligation refunding bonds and a portion of the Series 2014 general obligation bonds. The bonds were issued on November 16, 2021 with interest rates ranging from .37% to 2.28%. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The refunding was undertaken to reduce total debt service payments by \$7,167,185 and resulted in an economic gain and a present value cash flow of \$6,460,260. The proceeds from the refunding bonds were placed into trust 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, 2023 was \$105,450,000.

At June 30, 2023, principal and interest payments due by fiscal year for the School District’s Bonds are as follows:

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 43,810,000	\$ 18,391,041	\$ 62,201,041	
2025	44,970,000	17,053,460	62,023,460	
2026	25,990,000	15,810,485	41,800,485	
2027	27,085,000	14,748,690	41,833,690	
2028	28,240,000	13,625,578	41,865,578	
2029-2033	161,810,000	48,956,293	210,766,293	
2034-2038	108,575,000	16,828,500	125,403,500	
Total	<u>\$ 440,480,000</u>	<u>\$ 145,414,047</u>	<u>\$ 585,894,047</u>	

Financed Purchase from Direct Borrowing

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

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 1,916,882	\$ 60,549	\$ 1,977,431	
Total	<u>\$ 1,916,882</u>	<u>\$ 60,549</u>	<u>\$ 1,977,431</u>	

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – 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 School 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 School 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 School 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 School District subject to such tax in order to make the payments to the PFA. Accordingly, the School 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 School District’s debt service requirements to maturity on the intergovernmental payable are as follows:

Fiscal Year				
Ending June 30,	Principal	Interest	Total	
2024	\$ 1,655,000	\$ 722,700	\$ 2,377,700	
2025	1,740,000	639,950	2,379,950	
2026	1,830,000	552,950	2,382,950	
2027	1,925,000	461,450	2,386,450	
2028	2,020,000	365,200	2,385,200	
2029-2031	6,605,000	535,400	7,140,400	
Total	<u>\$ 15,775,000</u>	<u>\$ 3,277,650</u>	<u>\$ 19,052,650</u>	

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – LONG-TERM DEBT – (CONTINUED)

Lease Liabilities

During the fiscal year, the School District had active noncancelable lease agreements as lessee. A description of those agreements and related balances are as follows:

The School District has a noncancelable lease agreement with a third party related to copiers, terminating on July 1, 2024. Monthly payments range from \$73,464 to \$78,676 through the life of the lease. As the lease does not contain a specified interest rate, the School District has used its incremental borrowing rate of 3.5% for similar assets as the discount rate for the lease. At June 30, 2023, the outstanding balance on the School District’s lease liability for these copiers was \$1,002,204.

The School District has a noncancelable lease agreement with a third party related to the use of a warehouse building, terminating on August 1, 2023. Monthly payments range from \$5,833 to \$6,189 through the life of the lease. As the lease does not contain a specified interest rate, the School District has used its incremental borrowing rate of 3.5% for similar assets as the discount rate for the lease. At June 30, 2023, the outstanding balance on the School District’s lease liability for these copiers was \$12,323.

Debt service to maturity on the School District’s outstanding leases is as follows:

Fiscal Year ending June 30,	Principal	Interest	Total
2024	\$ 936,080	\$ 20,406	\$ 956,486
2025	78,447	229	78,676
Total	\$ 1,014,527	\$ 20,635	\$ 1,035,162

Subscription Liabilities

The School District has entered into subscription-based information technology arrangements (SBITAs) whereby the School District is able to access student assessment software and GPS location technology for the School District’s school buses.

The School District has a SBITA with a third party related to student assessment technology, terminating on June 30, 2025. Annual payments range from \$300,918 to \$315,814 through the life of the arrangement. As the SBITA does not contain a specified interest rate, the School District has used its incremental borrowing rate of 3.5% for similar assets as the discount rate for the lease. At June 30, 2023, the outstanding balance on the School District’s SBITA liability was \$592,268.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – LONG-TERM DEBT – (CONTINUED)

Subscription Liabilities (Continued)

The School District has a SBITA with a third party related to GPS technology for school buses, terminating on June 30, 2024. Annual payments range from \$149,597 to \$156,660 through the life of the arrangement. As the SBITA does not contain a specified interest rate, the School District has used its incremental borrowing rate of 3.5% for similar assets as the discount rate for the lease. At June 30, 2023, the outstanding balance on the School District’s SBITA liability was \$144,459.

Debt service to maturity on the School District’s SBITAs is as follows:

Fiscal Year ending June 30,	Principal	Interest	Total
2024	\$ 431,760	\$ 26,203	\$ 457,963
2025	304,967	10,847	315,814
Total	<u>\$ 736,727</u>	<u>\$ 37,050</u>	<u>\$ 773,777</u>

NOTE J - 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 balances as of the year ended June 30, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 2,347,457</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, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 627,866</u>

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - INTERFUND TRANSACTIONS – (CONTINUED)

Transfers are used to (1) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) move SPLOST proceeds from the Capital Projects Fund to Debt Service Fund to fund debt service as allowed in the referendum. Interfund transfers for the year ended June 30, 2023 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 158,866
Nonmajor Governmental Funds	Capital Projects Fund	3,439,893
		<u>\$ 3,598,759</u>

NOTE K - 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>
2023	\$ 871,896	\$ 1,482,579	\$ 1,974,620	\$ 379,855	\$ 227,913
2022	\$ 653,072	\$ 1,347,142	\$ 1,128,318	\$ 871,896	\$ 523,138

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.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE K - RISK MANAGEMENT – (CONTINUED)

Unemployment Claims (Continued)

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>
2023 \$	-	\$ 10,379	\$ 10,379	\$ -
2022 \$	-	\$ 93,852	\$ 93,852	\$ -

NOTE L - RETIREMENT PLANS

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

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2023. The School District’s contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll. District contributions to TRS were \$64,713,789 for the year ended June 30, 2023.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - RETIREMENT PLANS – (CONTINUED)

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

At June 30, 2023, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support 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	\$ 697,401,653
State of Georgia’s proportionate share of the net pension liability associated with the School District	<u>1,027,412</u>
Total	<u><u>\$ 698,429,065</u></u>

The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the School District’s proportion was 2.147706%, which was an increase of 0.008619% from its proportion measured as of June 30, 2021.

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FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - RETIREMENT PLANS – (CONTINUED)

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

For the year ended June 30, 2023, the School District recognized pension expense of \$110,664,098 and revenue of \$192,142 for support provided by the State of Georgia for certain support personnel. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Net difference between projected and actual earnings on pension plan investments	137,019,584	-
Experience differences	28,949,316	3,630,139
Assumption changes	104,981,201	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	9,729,352	-
School District contributions subsequent to the measurement date	64,713,789	-
Total	\$ 345,393,242	\$ 3,630,139

School District contributions subsequent to the measurement date of \$64,713,789 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 78,745,084
2025	57,287,503
2026	41,023,456
2027	99,993,271
Total	\$ 277,049,314

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - RETIREMENT PLANS – (CONTINUED)

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

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

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return on assets (discount rate), which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation, which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation, and then from 7.25% to 6.90% effective with the June 30, 2021 valuation.

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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%	0.20%
Domestic large equities	46.30	9.40
Domestic small equities	1.20	13.40
International developed market equities	12.30	9.40
International emerging market equities	5.20	11.40
Alternatives	5.00	10.50
Total	<u>100.00%</u>	

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

Discount rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer 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 6.90%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current discount rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
School District's proportionate share of the net pension liability	\$ 1,052,148,133	\$ 697,401,653	\$ 407,704,227

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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/financials.

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

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

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

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, 2023**

NOTE L - RETIREMENT PLANS – (CONTINUED)

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

Pension Liabilities and Pension Expense

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

State of Georgia’s proportionate share of the Net Pension Liability associated with the School District	\$ <u>7,122,342</u>
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The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The state’s proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the state during the fiscal year ended June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,789,841 and revenue of \$1,789,841 for support provided by the State of Georgia.

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

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

Mortality rates are as follows:

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

**FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE L - RETIREMENT PLANS – (CONTINUED)

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

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

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

The long-term expected rate of return on 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%	0.20%
Domestic large stocks	46.30	9.40
Domestic small stocks	1.20	13.40
International developed market stocks	12.30	9.40
International emerging market stocks	5.20	11.40
Alternatives	5.00	10.50
Total	100.00%	

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

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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, 2023, 2022, and 2021, the School District contributed \$372,620, \$354,780, and \$400,516, respectively, to the Plan on behalf of its employees. For the years ended June 30, 2023, 2022, and 2021, employees contributed \$602,568, \$556,821, and \$553,035, respectively, to the Plan.

NOTE M - CONTINGENCIES AND COMMITMENTS

Grant Programs

The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectibility of any related receivable at year end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

The School District is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of School District operations. 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 \$16,116,359 as of June 30, 2023. This amount is not reflected in the basic financial statements.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N – ON BEHALF PAYMENTS FOR FRINGE BENEFITS

The School District has recognized revenue and expenditures in the amount of \$1,046,943 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 \$960,365.

Paid by the Georgia Department of Education to the Teachers Retirement System (TRS) for Teachers Retirement in the amount of \$86,578.

NOTE O - POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description: The School District participates in the State of Georgia School Employees Postemployment Benefit Fund (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 noncertified 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 Annual Comprehensive Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/statewide-reporting/acfr>.

Benefits: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and noncertified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees’ Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. 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 School District were \$10,620,034 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O - POSTEMPLOYMENT BENEFITS – (CONTINUED)

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

At June 30, 2023, the School District reported a liability of \$263,415,529 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2022. At June 30 2022, the School District's proportion was 2.659908%, which was an increase of 0.047208% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$2,943,323. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on		
OPEB plan investments	\$ 1,606,760	\$ -
Changes in proportion and differences between School		
District contributions and proportionate share of contributions	26,587,874	-
Changes in plan assumptions	40,118,724	53,276,157
Experience differences	10,514,388	103,530,281
Board contributions subsequent to the measurement date	10,620,034	-
Total	\$ 89,447,780	\$ 156,806,438

School District contributions subsequent to the measurement date of \$10,620,034 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2024	\$ (20,273,997)
2025	(15,864,841)
2026	(12,650,110)
2027	(18,908,254)
2028	(9,331,873)
2029	(949,617)
Total	\$ (77,978,692)

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Actuarial assumptions:

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

Inflation	2.50%
Salary Increases	3.00-8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	6.50%
Medicare eligible	5.00%
Ultimate trend rate	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year of ultimate trend rate	
Pre-Medicare eligible	2029
Medicare eligible	2023

Mortality rates were based as follows:

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O - POSTEMPLOYMENT BENEFITS – (CONTINUED)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the pension systems, which covered the period ending July 1, 2013 – June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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

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

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	2.00%
Equities	70.00	9.40
Total	100.00%	

* Rates shown are net of inflation

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Discount rate:

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

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

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

	1% Decrease (2.57%)	Current discount rate (3.57%)	1% Increase (4.57%)
School District's proportionate share of the net OPEB liability	\$ 297,954,591	\$ 263,415,529	\$ 234,142,155

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 226,963,967	\$ 263,415,529	\$ 308,214,345

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

FORSYTH COUNTY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE P – NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet the definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement.

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	2.147706%	2.139087%	2.125203%	2.072363%	1.984461%
School District's proportionate share of the net pension liability	\$ 697,401,653	\$ 189,187,977	\$ 514,807,347	\$ 445,614,082	\$ 368,358,469
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>1,027,412</u>	<u>257,105</u>	<u>288,022</u>	<u>336,947</u>	<u>384,793</u>
Total	<u>\$ 698,429,065</u>	<u>\$ 189,445,082</u>	<u>\$ 515,095,369</u>	<u>\$ 445,951,029</u>	<u>\$ 368,743,262</u>
School District's covered payroll	\$ 292,677,915	\$ 278,313,741	\$ 273,998,325	\$ 252,913,388	\$ 236,362,475
School District's proportionate share of the net pension liability as a percentage of its covered payroll	238.28%	67.98%	187.89%	176.19%	155.84%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%	80.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
School District's proportion of the net pension liability	1.915556%	1.840065%	1.791631%	1.715709%	
School District's proportionate share of the net pension liability	\$ 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>430,622</u>	<u>482,768</u>	<u>360,504</u>	<u>303,335</u>	
Total	<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	\$ 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	161.86%	187.73%	144.23%	114.46%	
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%	

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 64,713,789	\$ 57,979,495	\$ 53,046,599	\$ 57,923,246	\$ 52,858,898
Contributions in relation to the contractually required contributions	<u>64,713,789</u>	<u>57,979,495</u>	<u>53,046,599</u>	<u>57,923,246</u>	<u>52,858,898</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 324,239,384	\$ 292,677,915	\$ 278,313,741	\$ 273,998,325	\$ 252,913,388
Contributions as a percentage of covered payroll	19.98%	19.81%	19.06%	21.14%	20.90%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 39,732,532	\$ 31,386,901	\$ 28,857,232	\$ 24,868,904	\$ 21,494,467
Contributions in relation to the contractually required contributions	<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>
School District's covered payroll	\$ 236,362,475	\$ 219,950,252	\$ 202,223,069	\$ 189,117,141	\$ 189,374,053
Contributions as a percentage of covered payroll	16.81%	14.27%	14.27%	13.15%	11.35%

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</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>7,122,342</u>	<u>692,549</u>	<u>5,268,470</u>	<u>4,667,012</u>	<u>4,213,692</u>
Total	<u>\$ 7,122,342</u>	<u>\$ 692,549</u>	<u>\$ 5,268,470</u>	<u>\$ 4,667,012</u>	<u>\$ 4,213,692</u>
School District's covered payroll	\$ 20,947,052	\$ 19,406,952	\$ 18,464,094	\$ 17,815,433	\$ 16,412,436
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.21%	98.00%	84.45%	85.02%	85.26%
	<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%	
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>3,647,269</u>	<u>4,671,562</u>	<u>2,968,319</u>	<u>2,474,142</u>	
Total	<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	\$ 14,561,899	\$ 13,666,269	\$ 12,941,258	\$ 12,019,629	
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%	87.00%	88.29%	

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net OPEB liability	2.659908%	2.612700%	2.574639%	2.490421%	2.380281%	2.298586%
School District's proportionate share of the net OPEB lia	\$ <u>263,415,529</u>	\$ <u>282,977,024</u>	\$ <u>378,154,509</u>	\$ <u>305,628,089</u>	\$ <u>302,526,410</u>	\$ <u>322,950,408</u>
Total	<u>\$ 263,415,529</u>	<u>\$ 282,977,024</u>	<u>\$ 378,154,509</u>	<u>\$ 305,628,089</u>	<u>\$ 302,526,410</u>	<u>\$ 322,950,408</u>
School District's covered payroll	\$ 266,109,346	\$ 254,917,972	\$ 235,055,916	\$ 230,064,148	\$ 198,472,527	\$ 181,013,656
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	98.99%	111.01%	160.88%	132.84%	152.43%	178.41%
Plan fiduciary net position as a percentage of the total	6.17%	6.14%	4.63%	4.63%	2.93%	1.61%

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

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

	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 10,620,034	\$ 9,617,563	\$ 9,718,804	\$ 8,706,827	\$ 13,412,642	\$ 12,336,767
Contributions in relation to the contractually required contributions	<u>10,620,034</u>	<u>9,617,563</u>	<u>9,718,804</u>	<u>8,706,827</u>	<u>13,412,642</u>	<u>12,336,767</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 293,534,009	\$ 266,109,346	\$ 254,917,972	\$ 235,055,916	\$ 230,064,148	\$ 198,472,527
Contributions as a percentage of covered payroll	3.62%	3.61%	3.81%	3.70%	5.83%	6.22%

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

FORSYTH COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Teachers Retirement System of Georgia:

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

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

On May 15, 2019, the School District adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.25% to 6.90%, and the assumed annual rate of inflation was unchanged at 2.50%.

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

Public School Employees Retirement System of Georgia:

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

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

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

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

School OPEB Fund:

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

Changes in assumptions:

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

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

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

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

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

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

The discount rate was updated from 3.07% as of June 30, 2016, to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% of June 30, 2019, back to 2.22% as of June 30, 2020, and to 3.57% as of June 30, 2021.

FORSYTH COUNTY BOARD OF EDUCATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

SCHOOL ACTIVITY

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.

FEDERAL PROGRAMS

The Federal Programs Fund is used 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.

FORSYTH COUNTY BOARD OF EDUCATION

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS	Special Revenue Funds				
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	Nonmajor Governmental Funds
Cash and cash equivalents	\$ 12,899,749	\$ -	\$ 21,710,316	\$ 16,930,616	\$ 51,540,681
Receivables:					
Intergovernmental	-	3,446,087	-	-	3,446,087
Taxes, net of allowance	-	-	-	247,403	247,403
Inventory	-	-	263,149	-	263,149
Total assets	\$ 12,899,749	\$ 3,446,087	\$ 21,973,465	17,178,019	\$ 55,497,320
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 58,080	\$ -	\$ -	\$ 58,080
Salaries and benefits payable	-	657,521	836,692	-	1,494,213
Due to other funds	-	2,347,457	-	-	2,347,457
Advances from other funds	627,866	-	-	-	627,866
Total liabilities	627,866	3,063,058	836,692	-	4,527,616
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	133,274	133,274
Unavailable revenue - federal grants	-	12,110	-	-	12,110
Total deferred inflows of resources	-	12,110	-	133,274	145,384
FUND BALANCES					
Nonspendable:					
Inventory	-	-	263,149	-	263,149
Restricted:					
Debt service	-	-	-	17,044,745	17,044,745
School food services	-	-	20,873,624	-	20,873,624
Federal programs	-	370,919	-	-	370,919
Committed:					
School activities	12,271,883	-	-	-	12,271,883
Total fund balances	12,271,883	370,919	21,136,773	17,044,745	50,824,320
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,899,749	\$ 3,446,087	\$ 21,973,465	\$ 17,178,019	\$ 55,497,320

**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, 2023**

	Special Revenue Funds				
	School Activity Fund	Federal Programs Fund	School Food Services Fund	Debt Service Fund	Nonmajor Governmental Funds
REVENUES					
State funds	\$ -	\$ 52,500	\$ 675,924	\$ -	\$ 728,424
Federal funds	-	19,034,921	10,937,048	-	29,971,969
Local and other funds	26,671,373	126,000	13,159,292	24,577,026	64,533,691
Total revenues	<u>26,671,373</u>	<u>19,213,421</u>	<u>24,772,264</u>	<u>24,577,026</u>	<u>95,234,084</u>
EXPENDITURES					
Current:					
Instruction	25,584,208	6,233,427	-	-	31,817,635
Support services:					
Pupil services	-	5,853,142	-	-	5,853,142
Improvement of instructional services	-	473,366	-	-	473,366
Instructional staff training	-	1,209,986	-	-	1,209,986
Federal grant administration	-	170,801	-	-	170,801
General administration	-	48,855	-	-	48,855
School administration	-	3,472	-	-	3,472
Student transportation services	-	459,811	-	-	459,811
Central support services	-	35,363	-	-	35,363
Other support services	-	796,601	-	-	796,601
Food services operation	-	-	21,592,560	-	21,592,560
Capital outlay	-	4,000,589	-	-	4,000,589
Debt service:					
Principal retirement	-	-	-	42,285,000	42,285,000
Interest	-	-	-	20,404,786	20,404,786
Total expenditures	<u>25,584,208</u>	<u>19,285,413</u>	<u>21,592,560</u>	<u>62,689,786</u>	<u>129,151,967</u>
Excess (deficiency) of revenues over expenditures	<u>1,087,165</u>	<u>(71,992)</u>	<u>3,179,704</u>	<u>(38,112,760)</u>	<u>(33,917,883)</u>
OTHER FINANCING SOURCES					
Transfers in	-	158,866	-	3,439,893	3,598,759
Total other financing sources	<u>-</u>	<u>158,866</u>	<u>-</u>	<u>3,439,893</u>	<u>3,598,759</u>
Net change in fund balances	1,087,165	86,874	3,179,704	(34,672,867)	(30,319,124)
FUND BALANCES, beginning of year	<u>11,184,718</u>	<u>284,045</u>	<u>17,957,069</u>	<u>51,717,612</u>	<u>81,143,444</u>
FUND BALANCES, end of year	<u>\$ 12,271,883</u>	<u>\$ 370,919</u>	<u>\$ 21,136,773</u>	<u>\$ 17,044,745</u>	<u>\$ 50,824,320</u>

FORSYTH COUNTY BOARD OF EDUCATION

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

SPLOST IV

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
<p>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 therefore, both real and personal, all at a maximum cost of \$53,624,925.</p>	\$ 53,624,925	\$ 53,624,925	\$ 46,425,310	\$ 738,715	\$ 47,164,025
<p>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.</p>	<u>141,375,075</u>	<u>121,752,412</u>	<u>121,752,412</u>	<u>-</u>	<u>121,752,412</u>
	<u>\$ 195,000,000</u>	<u>\$ 175,377,337</u>	<u>\$ 168,177,722</u>	<u>\$ 738,715</u>	<u>\$ 168,916,437</u>

SPLOST V

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
<p>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 therefore, both real and personal, all at a maximum cost of \$35,528,375.</p>	\$ 35,528,375	\$ 35,528,375	\$ 4,237,435	\$ 18,758,839	\$ 22,996,274
<p>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.</p>	<u>159,471,625</u>	<u>159,471,625</u>	<u>155,433,457</u>	<u>3,439,893</u>	<u>158,873,350</u>
	<u>\$ 195,000,000</u>	<u>\$ 195,000,000</u>	<u>\$ 159,670,892</u>	<u>\$ 22,198,732</u>	<u>\$ 181,869,624</u>

(Continued)

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

	SPLOST VI				
	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
<p>The cost of acquiring, constructing, and installing one new elementary school to replace an existing elementary school, acquire land for future school and other facilities, instructional and administrative technology improvements (including, without limitation, necessary software and student and staff laptops devices), school buses, other vehicles, and related transportation equipment, and safety and security equipment, add to, renovate, repair, improve, and equip existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquire any necessary property therefore, both real and personal, all at a maximum cost of \$250,000,000.</p>	\$ 250,000,000	\$ 250,000,000	\$ -	\$ 34,596,345	\$ 34,596,345
<p>The cost of retiring a portion of the Series 2013 Bonds, the Series 2016 Bonds, the Series 2018 Bonds, and the Series 2020 Bonds (or any general obligation bonds issued to refund such bonds) by paying or making provision for the payment of the principal of and the interest on the prior bonds coming due on August 1, 2023, through August 1, 2026, in the maximum amount of \$50,000,000.</p>	50,000,000	50,000,000	-	-	-
	\$ 300,000,000	\$ 300,000,000	\$ -	\$ 34,596,345	\$ 34,596,345
Total SPLOST expenditures and transfers - SPLOST IV				\$ 738,715	
Total SPLOST expenditures and transfers - SPLOST V				22,198,732	
Total SPLOST expenditures and transfers - SPLOST VI				34,596,345	
Non-SPLOST monies expended in Capital Projects Fund				3,965,629	
Total expenditures and transfers out of the Capital Projects Fund				\$ 61,499,421	

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, 2023, 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 March 1, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 1, 2024



**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

Opinion on Each Major Federal Program

We have audited the Forsyth County Board of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Forsyth County Board of Education's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 1, 2024

FORSYTH COUNTY BOARD OF EDUCATION

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING 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	225GA324N1199	\$ 1,591,166
National School Lunch Program:			
Cash Assistance	10.555	225GA324N1199	6,260,339
Non-Cash Assistance (Commodities) (1)	10.555	225GA324N1199	1,583,584
COVID-19 Supply Chain	10.555	225GA324N1199	1,469,224
Total Child Nutrition Cluster			<u>10,904,313</u>
Commercial Warehouse Grant	10.560	225GA904N2533	<u>32,735</u>
Total U.S. Department of Agriculture			<u>10,937,048</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	H027A210073	4,574,590
Flow Through	84.027	H027A220073	5,183,573
High Cost Fund Pool	84.027	H027A220073	284,127
Readiness in Literacy	84.027	H027A220073	7,851
Preschool	84.173	H173A210081	30,835
Preschool	84.173	H173A220081	63,845
Total Special Education Cluster (IDEA)			<u>10,144,821</u>
Title I, Part A			
Improving Academic Achievement	84.010	S010A210010	136,913
Improving Academic Achievement	84.010	S010A220010	1,505,819
Total Title I, Part A			<u>1,642,732</u>
Title I - C			
Migrant Education	84.011	S011A210011	317
Migrant Education	84.011	S011A220011	12,933
Total Migrant Education			<u>13,250</u>
Title II			
Improving Teacher Quality	84.367	S367A210001	659,178
Improving Teacher Quality	84.367	S367A220001	80,652
Advance Placement	84.367	S367A220001	5,600
Total Title II			<u>745,430</u>
Title III			
Limited English Proficient	84.365	S365A210010	270,797
Limited English Proficient	84.365	S365A220010	225,208
Immigrant	84.365	S365A220010	34,769
Total Title III			<u>530,774</u>

(continued)

FORSYTH COUNTY BOARD OF EDUCATION

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING 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	S424A210011	61,823
Student Support & Academic Enrichment	84.424A	S424A220011	87,159
Total Title IV			148,982
Education of Homeless Children and Youth	84.196	S196A200011	4,653
Education of Homeless Children and Youth	84.196	S196A210011	47,372
Total Education of Homeless Children and Youth			52,025
Vocational Education-Basic Grants to States			
Program Improvement	84.048	V048A210010	237,972
CTE Perkins Carryover	84.048	V048A210010	16,279
CTE Perkins Plus	84.048	V048A210010	25,000
Total Vocational Education-Basic Grants to States			279,251
Spark! Igniting Learning, Birth, and Beyond	84.215K	S215K220257	91,675
Education Stabilization Fund (ESSER)			
COVID-19 - ESSER III	84.425U	S425U210012	4,989,619
COVID-19 - ESSER III - Opportunity Grants	84.425U	S425U210012	67,821
COVID-19 - ESSER - Homeless Children and Youth	84.425W	S425W210011	110,108
COVID-19 - ESSER - School Nurse	84.425D	S425D210012	2,596
Total Education Stabilization Fund (ESSER)			5,170,144
Total U.S. Department of Education			18,819,084
Justice, U.S. Department of:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	37,500
Federal Communications Commission			
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	2,179,092
Defense, U.S. Department of:			
R.O.T.C Program	12.357	N/A	76,156
Pass-Through from Office of the State Treasurer Payments to States in Lieu of Real Estate Taxes	12.112	Unknown	502,230
Total U.S. Department of Defense			578,386
Total Expenditures of Federal Awards			\$ 32,551,110

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, 2023

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, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
 Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major federal programs:
 Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?

_____ yes X no

Identification of major federal programs:

Assistance Listing Number

84.027 and 84.173
 84.425D, 84.425U, and 84.425W
 32.009

Name of Federal Program or Cluster

Special Education Cluster (IDEA)
 COVID-19 - Education Stabilization Fund
 COVID-19 - Emergency Connectivity Fund
 Program

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

\$976,533

Auditee qualified as low-risk auditee?

 X yes _____ no

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

FORSYTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

FORSYTH COUNTY BOARD OF EDUCATION

**STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

None reported.