



**CITY OF BUFORD  
BOARD OF EDUCATION  
BUFORD, GEORGIA**

**A COMPONENT UNIT OF THE CITY  
OF BUFORD, GEORGIA**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**



CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY

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SECTION I

FINANCIAL



# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156  
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**Greg S. Griffin**  
STATE AUDITOR  
(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Superintendent and Members of the  
City of Buford Board of Education

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Buford Board of Education (School District), a component unit of the City of Buford, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, in 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. The School District restated beginning net position for the effect of GASB No. 75. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

August 20, 2020

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

## INTRODUCTION

The discussion and analysis of the City of Buford Board of Education's (School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2018 and June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

## FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2018 and 2017 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by \$9.9 million and \$41.8 million, respectively, for the fiscal years ended June 30, 2018 and 2017.
- The School District had \$60.5 million and \$55.5 million in expenses relating to governmental activities for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. Only \$29.8 million and \$29.9 million of the above mentioned expenses for 2018 and 2017 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$33.9 million and \$27.5 million, respectively, for 2018 and 2017, along with fund balance were adequate to provide for these programs.
- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of \$6.8 million, a decrease of \$320,545 from the June 30, 2017 fund balance of \$7.1 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2018 and 2017, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

### **Government-Wide Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

Fiduciary Funds - The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017.

Table 1  
Net Position

	Governmental Activities		
	Fiscal Year 2018	Fiscal Year 2017 (1)	Net Change
<b>Assets</b>			
Capital and Other Assets	\$ 63,661,975	\$ 44,033,379	\$ 19,628,596
Capital Assets, Net	<u>123,391,580</u>	<u>83,160,073</u>	<u>40,231,507</u>
<b>Total Assets</b>	<u>187,053,555</u>	<u>127,193,452</u>	<u>58,860,103</u>
<b>Deferred Outflows of Resources</b>			
Related to Defined Benefit Pension Plan	9,195,051	13,184,444	(3,989,393)
Related to OPEB	<u>1,658,899</u>	<u>-</u>	<u>1,658,899</u>
<b>Total Deferred Outflows of Resources</b>	<u>10,853,950</u>	<u>13,184,444</u>	<u>(2,330,494)</u>
<b>Liabilities</b>			
Current and Other Liabilities	17,985,309	13,843,216	4,142,093
Long-Term Liabilities	89,908,365	39,106,650	50,801,715
Net Pension liability	41,898,161	45,434,048	(3,535,887)
Net OPEB Liability	<u>34,778,709</u>	<u>-</u>	<u>34,778,709</u>
<b>Total Liabilities</b>	<u>184,570,544</u>	<u>98,383,914</u>	<u>86,186,630</u>
<b>Deferred Inflows of Resources</b>			
Related to Debt Refunding	323,789	-	323,789
Related to Defined Benefit Pension Plan	446,448	224,672	221,776
Related to OPEB Plan	<u>2,648,310</u>	<u>-</u>	<u>2,648,310</u>
<b>Total Deferred Inflows of Resources</b>	<u>3,418,547</u>	<u>224,672</u>	<u>3,193,875</u>
<b>Net Position</b>			
Net Investment in Capital Assets	71,430,404	66,897,190	4,533,214
Restricted	800,364	911,181	(110,817)
Unrestricted (Deficit)	<u>(62,312,354)</u>	<u>(26,039,061)</u>	<u>(36,273,293)</u>
<b>Total Net Position</b>	<u>\$ 9,918,414</u>	<u>\$ 41,769,310</u>	<u>\$ (31,850,896)</u>

(1) Fiscal year 2017 balances do not reflect the effects of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for additional information

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Table 2 shows the changes in net position for fiscal years ending June 30, 2018 and June 30, 2017.

Table 2  
Change in Net Position

	Governmental Activities		
	Fiscal Year 2018	Fiscal Year 2017 (1)	Net Change
<b>Revenues</b>			
Programs Revenues:			
Charges for Services	\$ 3,385,210	\$ 3,528,340	\$ (143,130)
Operating Grants and Contributions	26,188,828	24,283,870	1,904,958
Capital Grants and Contributions	200,407	2,130,318	(1,929,911)
<b>Total Program Revenues</b>	<b>29,774,445</b>	<b>29,942,528</b>	<b>(168,083)</b>
General Revenues			
Taxes			
Property Taxes	14,726,590	12,851,494	1,875,096
Sales Taxes	7,410,367	3,899,128	3,511,239
City Allocation	7,596,841	7,497,089	99,752
Investment Earnings	554,039	219,861	334,178
Miscellaneous	3,594,306	2,989,446	604,860
<b>Total General Revenues</b>	<b>33,882,143</b>	<b>27,457,018</b>	<b>6,425,125</b>
<b>Total Revenues</b>	<b>63,656,588</b>	<b>57,399,546</b>	<b>6,257,042</b>
<b>Program Expenses</b>			
Instruction	39,105,713	36,597,753	2,507,960
Support Services			
Pupil Services	2,685,164	2,072,743	612,421
Improvement of Instructional Services	296,882	321,565	(24,683)
Educational Media Services	661,825	664,667	(2,842)
General Administration	3,247,081	2,816,020	431,061
School Administration	3,509,861	3,274,854	235,007
Business Administration	1,148,944	481,038	667,906
Maintenance and Operation of Plant	3,019,082	3,453,657	(434,575)
Student Transportation Services	1,691,837	1,438,434	253,403
Other Support Services	-	37,736	(37,736)
Operations of Non-Instructional Services			
Enterprise Operations	883,986	731,119	152,867
Community Service	474,300	403,455	70,845
Food Services	2,150,704	2,013,484	137,220
Interest on Short-Term and Long-Term Debt	1,621,229	1,190,451	430,778
<b>Total Expenses</b>	<b>60,496,608</b>	<b>55,496,976</b>	<b>4,999,632</b>
<b>Increase in Net Position</b>	<b>\$ 3,159,980</b>	<b>\$ 1,902,570</b>	<b>\$ 1,257,410</b>

(1) Fiscal year 2017 balances do not reflect the effects of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for additional information.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

General revenues increased by \$6.4 million during fiscal year 2018. According to the SPLOST distribution agreement between City of Buford Board of Education, Hall County Board of Education and City of Gainesville Board of Education, City of Buford Board of Education received its portion of SPLOST V revenues at the onset of the period of distribution. General revenues also increased due to growth in the local tax digest.

The School District continues to analyze spending patterns and look for areas where reductions can be made without affecting the level of education provided. As a result of these savings, the School District was able to restore two furlough days in 2018 to bring the total down to three. Table 3 shows the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

**GOVERNMENTAL ACTIVITIES**

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal	Fiscal	Fiscal	Fiscal
	Year 2018	Year 2017 (1)	Year 2018	Year 2017 (1)
Instruction	\$ 39,105,713	\$ 36,597,753	\$ 16,522,089	\$ 13,821,777
Support Services				
Pupil Services	2,685,164	2,072,743	2,566,939	1,983,691
Improvement of Instructional Services	296,882	321,565	27,075	80,836
Educational Media Services	661,825	664,667	9,195	60,495
General Administration	3,247,081	2,816,020	2,358,592	2,062,460
School Administration	3,509,861	3,274,854	2,436,733	2,269,614
Business Administration	1,148,944	481,038	1,148,944	481,038
Maintenance and Operation of Plant	3,019,082	3,453,657	1,334,221	1,629,972
Student Transportation Services	1,691,837	1,438,434	1,532,127	1,297,222
Other Support Services	-	37,736	-	28,256
Operations of Non-Instructional Services				
Enterprise Operations	883,986	731,119	883,986	731,119
Community Services	474,300	403,445	155,799	60,229
Food Services	2,150,704	2,013,484	125,234	(142,712)
Interest on Short-Term and Long-Term Debt	1,621,229	1,190,451	1,621,229	1,190,451
<b>Total Expenses</b>	<b>\$ 60,496,608</b>	<b>\$ 55,496,966</b>	<b>\$ 30,722,163</b>	<b>\$ 25,554,448</b>

(1) Fiscal year 2017 balances do not reflect the effects of the restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for additional information.

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For fiscal year 2018, 50.3% of instruction and support activities were supplemented by taxes and other general revenues compared to 46.4% in fiscal year 2017. It exemplifies the State's stance that the public is becoming an equal partner in bearing the cost of educating Georgia's children.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**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 \$148.4 million and total expenses and other financing uses of \$132.3 million. There was an increase in the fund balance totaling \$16.1 million for the governmental funds as a whole. The \$6.8 million fund balance in the general fund reflects that the School District continues to be able to adequately meet current costs.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2018 and 2017, the School District amended its general fund budget as needed.

For the general fund, the actual revenues of \$55.4 million exceeded the final budgeted amount of \$48.4 million by \$7.0 million. The difference is primarily due to the School District not budgeting for school activity accounts. In addition, State and Federal revenues were underbudgeted by \$1.3 million and \$1.6 million, respectively.

The actual expenditures of \$55.8 million were higher than final budgeted amount of \$53.1 million by \$2.7 million. This difference was also primarily due to the School District not budgeting school activity accounts. General fund expenditures exceeded revenues by \$320,545 for fiscal year 2018.

**CAPITAL ASSETS**

At the fiscal years ended June 30, 2018 and June 30, 2017, the School District had \$123.4 million and \$83.2 million, respectively, invested in a broad range of capital assets, including land, buildings and improvements and land improvements and equipment for its governmental activities. Table 4 breaks down the asset balances, by class, net of accumulated depreciation.

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Land	\$ 1,050,210	\$ 1,050,210
Construction in Progress	52,785,384	12,074,615
Buildings and Improvements	67,070,620	67,751,740
Equipment	1,169,424	974,784
Land Improvements	1,315,942	1,308,724
	\$ 123,391,580	\$ 83,160,073

The construction in progress balance at June 30, 2018 consists of the New Buford High School.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**DEBT ADMINISTRATION**

At fiscal years ended June 30, 2018 and June 30, 2017, the School District had \$89.9 million and \$39.1 million, respectively. The School District relies on intergovernmental agreements for funding sources since the School District is legally unable to sell bonds. During fiscal year 2018, the City of Buford sold bonds on behalf of the School District in the amount of \$54,270,000. The bond proceeds are to be used to fund the construction of the new Buford High School and to refund a portion of the City's Series 2015 bonds, which had funded prior capital outlay projects on behalf of the School District. In addition, the Gwinnett County Board of Education advanced \$22,325,000 of the anticipated SPLOST V proceeds that should be earned by the School District in the five years beginning July 1, 2017. The advanced SPLOST proceeds will also be used to fund the construction of the new Buford High School. Table 5 summarizes debt outstanding at June 30, 2018 and 2017.

Table 5  
Intergovernmental Contract Debt Outstanding

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Intergovernmental Contract		
City of Buford	\$ 71,025,012	\$ 37,070,754
Gwinnett County Board of Education	18,883,353	2,035,896
	\$ 89,908,365	\$ 39,106,650

**CURRENT ISSUES**

In fiscal year 2019, the cost of the employer portion of TRS pension will increase 4%. In addition, revenues will increase as the State of Georgia eliminates the QBE Austerity Reduction.

As of the publishing of this report, the nation as a whole is experiencing an unprecedented shutdown of businesses, government and schools due to a pandemic. The uncertainty of the 2020 budget effects and the 2021 revenues from the state and nation will be a challenge for all school districts. City of Buford Board of Education is committed to providing a safe and rigorous education for its students. It is uncertain at this point what type of financial impact these changes might have on the School District's finances.

**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 Angela Adams, Director of Finance at the City of Buford Board of Education. You may also email your questions to [angela.adams@bufordcityschools.org](mailto:angela.adams@bufordcityschools.org).

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 10,323,764
Receivables, Net	
Taxes	1,689,487
State Government	3,553,196
Federal Government	900,477
Other	218
Inventories	18,290
Prepaid Items	240,167
Restricted Assets	
Cash and Investments with Fiscal Agent or Trustee - Bond Funds	23,434,367
Cash and Investments with Fiscal Agent or Trustee - SPLOST Funds	23,502,009
Capital Assets, Non-Depreciable	53,835,594
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>69,555,986</u>
 Total Assets	 <u>187,053,555</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	9,195,051
Related to OPEB Plan	<u>1,658,899</u>
 Total Deferred Outflows of Resources	 <u>10,853,950</u>
<u>LIABILITIES</u>	
Accounts Payable	2,757,608
Salaries and Benefits Payable	6,229,445
Due to Primary Government	2,336,215
Interest Payable	1,479,022
Contracts Payable	741,012
Retainages Payable	4,405,009
Deposits and Unearned Revenues	36,998
Net Pension Liability	41,898,161
Net OPEB Liability	34,778,709
Long-Term Liabilities	
Due Within One Year	15,470,261
Due in More Than One Year	<u>74,438,104</u>
 Total Liabilities	 <u>184,570,544</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Credit on Debt Refunding	323,789
Related to Defined Benefit Pension Plan	446,448
Related to OPEB Plan	<u>2,648,310</u>
 Total Deferred Inflows of Resources	 <u>3,418,547</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	71,430,404
Restricted for	
Continuation of Federal Programs	458,267
Debt Service	342,097
Unrestricted (Deficit)	<u>(62,312,354)</u>
 Total Net Position	 <u>\$ 9,918,414</u>

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 39,105,713	\$ 2,286,827
Support Services		
Pupil Services	2,685,164	-
Improvement of Instructional Services	296,882	-
Educational Media Services	661,825	-
General Administration	3,247,081	-
School Administration	3,509,861	-
Business Administration	1,148,944	-
Maintenance and Operation of Plant	3,019,082	-
Student Transportation Services	1,691,837	-
Operations of Non-Instructional Services		
Enterprise Operations	883,986	-
Community Services	474,300	318,501
Food Services	2,150,704	779,882
Interest on Short-Term and Long-Term Debt	1,621,229	-
	\$ 60,496,608	\$ 3,385,210
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
City Allocation		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year - Restated		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 20,296,797	\$ -	\$ (16,522,089)
118,225	-	(2,566,939)
269,807	-	(27,075)
652,630	-	(9,195)
888,489	-	(2,358,592)
1,073,128	-	(2,436,733)
-	-	(1,148,944)
1,484,454	200,407	(1,334,221)
159,710	-	(1,532,127)
-	-	(883,986)
-	-	(155,799)
1,245,588	-	(125,234)
-	-	(1,621,229)
<u>\$ 26,188,828</u>	<u>\$ 200,407</u>	<u>(30,722,163)</u>
		14,726,590
		7,410,367
		7,596,841
		554,039
		<u>3,594,306</u>
		<u>33,882,143</u>
		3,159,980
		<u>6,758,434</u>
		<u>\$ 9,918,414</u>

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 10,323,764	\$ -	\$ -	\$ 10,323,764
Receivables, Net				
Taxes	1,345,671	343,816	-	1,689,487
State Government	3,553,196	-	-	3,553,196
Federal Government	900,477	-	-	900,477
Other	139	79	-	218
Inventories	18,290	-	-	18,290
Prepaid Items	240,167	-	-	240,167
Restricted				
Cash and Investments with a Fiscal Agent or Trustee - Bond Funds	-	21,613,248	1,821,119	23,434,367
Cash and Investments with a Fiscal Agent or Trustee - SPLOST Funds	-	23,502,009	-	23,502,009
	<u>\$ 16,381,704</u>	<u>\$ 45,459,152</u>	<u>\$ 1,821,119</u>	<u>\$ 63,661,975</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,413,557	\$ 344,051	\$ -	\$ 2,757,608
Salaries and Benefits Payable	6,229,445	-	-	6,229,445
Due to Primary Government	-	2,336,215	-	2,336,215
Contracts Payable	-	741,012	-	741,012
Retainages Payable	-	4,405,009	-	4,405,009
Deposits and Unearned Revenue	40,592	-	-	40,592
	<u>8,683,594</u>	<u>7,826,287</u>	<u>-</u>	<u>16,509,881</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	884,231	-	-	884,231
<u>FUND BALANCES</u>				
Nonspendable				
Inventory	18,290	-	-	18,290
Prepaid Items	240,167	-	-	240,167
Restricted				
Capital Projects	-	37,632,865	-	37,632,865
Continuation of Federal Programs	439,977	-	-	439,977
Debt Service	-	-	1,821,119	1,821,119
Assigned				
Local School Accounts	1,069,188	-	-	1,069,188
Appropriation for Next Year's Budget	1,794,573	-	-	1,794,573
Unassigned	3,251,684	-	-	3,251,684
	<u>6,813,879</u>	<u>37,632,865</u>	<u>1,821,119</u>	<u>46,267,863</u>
	<u>\$ 16,381,704</u>	<u>\$ 45,459,152</u>	<u>\$ 1,821,119</u>	<u>\$ 63,661,975</u>

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2018

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 46,267,863

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	\$	1,050,210	
Construction in progress		52,785,384	
Buildings and improvements		82,091,066	
Equipment		4,868,203	
Land improvements		2,475,421	
Accumulated depreciation		<u>(19,878,704)</u>	123,391,580

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$	(41,898,161)	
Net OPEB liability		<u>(34,778,709)</u>	(76,676,870)

Deferred charges or credits on debt refundings are applicable to future periods and are therefore not reported in the funds and are amortized over the life of the new debt. (323,789)

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Related to pensions	\$	8,748,603	
Related to OPEB		<u>(989,411)</u>	7,759,192

Taxes and grants that are not available to pay for current period expenditures are deferred in the funds. 887,825

Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Intergovernmental contracts - City of Buford	\$	(64,970,000)	
Intergovernmental contracts - Gwinnett County Board of Education		(18,883,353)	
Accrued interest payable		(1,479,022)	
Unamortized bond premiums		<u>(6,055,012)</u>	<u>(91,387,387)</u>

Net position of governmental activities (Exhibit "A") \$ 9,918,414

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 14,665,439	\$ -	\$ -	\$ 14,665,439
Sales Taxes	-	7,410,367	-	7,410,367
Local Contribution	7,596,841	200,407	-	7,797,248
State Funds	23,196,890	-	-	23,196,890
Federal Funds	2,988,344	-	-	2,988,344
Charges for Services	3,385,210	-	-	3,385,210
Investment Earnings	6,034	548,005	-	554,039
Miscellaneous	3,594,306	-	-	3,594,306
	<u>55,433,064</u>	<u>8,158,779</u>	<u>-</u>	<u>63,591,843</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current				
Instruction	36,820,432	-	-	36,820,432
Support Services				
Pupil Services	2,192,973	-	-	2,192,973
Improvement of Instructional Services	294,316	-	-	294,316
Educational Media Services	652,168	-	-	652,168
General Administration	3,217,364	-	-	3,217,364
School Administration	3,450,360	-	-	3,450,360
Business Administration	503,221	637,957	-	1,141,178
Maintenance and Operation of Plant	3,217,809	-	-	3,217,809
Student Transportation Services	1,897,985	-	-	1,897,985
Enterprise Operations	883,195	-	-	883,195
Community Services	474,300	-	-	474,300
Food Services Operation	2,149,486	-	-	2,149,486
Capital Outlay	-	41,273,794	-	41,273,794
Debt Services				
Principal	-	5,477,543	-	5,477,543
Interest	-	-	1,281,902	1,281,902
	<u>55,753,609</u>	<u>47,389,294</u>	<u>1,281,902</u>	<u>104,424,805</u>
Total Expenditures				
Revenues over (under) Expenditures	<u>(320,545)</u>	<u>(39,230,515)</u>	<u>(1,281,902)</u>	<u>(40,832,962)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental Agreement with City of Buford				
Proceeds of Bonds	-	30,000,000	-	30,000,000
Premiums on Bonds Sold	-	5,116,695	-	5,116,695
Proceeds of Refunding Bonds	-	24,270,000	-	24,270,000
Payment to Bond Refunding Escrow Agent	-	(24,754,238)	-	(24,754,238)
Intergovernmental Agreement with Gwinnett County	-	22,325,000	-	22,325,000
Transfers In	-	-	3,103,021	3,103,021
Transfers Out	-	(3,103,021)	-	(3,103,021)
	<u>-</u>	<u>53,854,436</u>	<u>3,103,021</u>	<u>56,957,457</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>(320,545)</u>	<u>14,623,921</u>	<u>1,821,119</u>	<u>16,124,495</u>
Fund Balances - Beginning	<u>7,134,424</u>	<u>23,008,944</u>	<u>-</u>	<u>30,143,368</u>
Fund Balances - Ending	<u>\$ 6,813,879</u>	<u>\$ 37,632,865</u>	<u>\$ 1,821,119</u>	<u>\$ 46,267,863</u>

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2018

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 16,124,495

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

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

Capital outlay	\$	42,093,561	
Depreciation expense		<u>(1,862,054)</u>	40,231,507

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

Property taxes	\$	61,151	
Intergovernmental revenue		<u>3,594</u>	64,745

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Intergovernmental contract - General obligation bonds issued, including a premium of \$5,116,695	\$	(59,386,695)	
Intergovernmental Contract - SPLOST forward financing		(22,325,000)	
Payment to escrow agent			
Refunding of bond principal		22,350,000	
Unamortization Bond premium		2,719,027	
Gain on advance bond refunding		(323,789)	
Intergovernmental contract SPLOST forward financing principal retirements		5,477,543	
Preimum amortization		<u>363,410</u>	(51,125,504)

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

Pension expense	\$	(675,282)	
OPEB expense		<u>(757,244)</u>	(1,432,526)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on issuance of bonds			<u>(702,737)</u>
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Change in net position of governmental activities (Exhibit "B") \$ 3,159,980

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>40,628</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>40,628</u>

**NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**REPORTING ENTITY**

The City of Buford Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a five (5) member board, four (4) of which are elected by the voters of the City of Buford with the fifth member being the chairman of the board of commissioners of the City of Buford and a Superintendent appointed by the Board. The School District does not have the power to levy taxes or issue bonds. Its budget is subject to approval by the City of Buford, Georgia. Accordingly, the School District is determined to be a component unit of the City of Buford, Georgia (City).

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the School District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

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

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

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

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

#### **FUND FINANCIAL STATEMENTS:**

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

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

Revenue from grants and donations are 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, or matching requirements, in which the School District must provide local resources to be used for a specified purpose.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent 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 District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

#### **NEW ACCOUNTING PRONOUNCEMENTS**

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The adoption of this statement has a significant impact on the School District's financial statements. As noted in the Restatement of Net Position note disclosure, the School District restated beginning net position for the cumulative effect of this accounting change.

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. The adoption of this statement does not have an impact on the School District's financial statements.

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill,

fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this statement does not have an impact on the School District's financial statements.

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this statement does not have a significant impact on the School District's financial statements.

#### **CASH AND CASH EQUIVALENTS**

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

#### **RECEIVABLES**

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

#### **PROPERTY TAXES**

The City of Buford fixed the 2017 tax digest, for fiscal year 2018, on August 7, 2017. Taxes were due on November 20, 2017. Taxes collected within the current fiscal year or within 60 days after year-end are reported as revenue in the governmental funds for fiscal year 2018. The City of Buford City Clerk bills and collects the property taxes for the School District and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2018, for maintenance and operations amounted to \$14,021,113.

The Georgia Constitution, Article VIII, Section VI, Paragraph I require the board of education of each school district to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The School District is in compliance with this law. The tax millage rate levied for the 2017 tax year for the City of Buford Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>12.80</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$644,326 during fiscal year ended June 30, 2018.

#### **SALES TAXES**

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$7,410,367 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The current sales tax rate is effective through fiscal year 2018.

**INVENTORIES**

**Food Inventories**

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the first-in first-out basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

**PREPAID ITEMS**

Payments made to vendors for services that will benefit periods subsequent to June 30, 2018, are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

**CAPITAL ASSETS**

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000	15 Years
Buildings and Improvements	\$ 5,000	15 to 60 Years
Equipment	\$ 5,000	5 to 12 Years
Intangible Assets	\$ 5,000	Individually Determined

**LONG TERM LIABILITIES AND PREMIUMS**

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

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

## USE OF ESTIMATES

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

## FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as “fund balances”. Fund equity for all other reporting is classified as “net position.”

**Fund Balance** - Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows and outflows of resources under the current financial resources measurement focus of accounting. In the fund balance statements, governmental funds are reported in 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 to which amounts in those funds can be spent.

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District 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 of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment through the adoption of a resolution.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the (1) Board of Education, (2) the budget or finance committee, (3) the Superintendent, or (4) a designee made by the Superintendent to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The School District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at the end of the fiscal year of not less than 8.3% and not to exceed 15% of expenditures of the total subsequent fiscal year’s budget. If the unassigned fund balance at the fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance. As of June 30, 2018, the School District’s general fund was reporting a committed, assigned, and unassigned fund balance of \$6,115,445 or 11.5% of the School District’s general fund budgeted expenditures for the year ended June 30, 2018.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources for activities and funds which use the accrual basis of accounting. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by contract and retainage payable and 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 is 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 is available.

#### **DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

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

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

#### **PENSIONS**

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

#### **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

#### **NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The School District adopts an annual budget for its general fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the City of Buford Board of Education has tentatively adopted the budgets, such budgets are advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budgets are revised as necessary and adopted as the final budgets.

The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2018:

General fund:	
Instruction	\$ 2,654,316
Support services:	
Improvement of instructional services	9,480
Educational media services	25,360
School administration	171,166
Business administration	1,421
Student transportation services	76,980
Enterprise operations	863,195

**NOTE 4: DEPOSITS**

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

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

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

**CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it, the School District 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 collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2018, the School District had deposits with a carrying amount

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of \$10,362,835 and a bank balance of \$10,620,039. The bank balances insured by Federal depository insurance were \$6,814,671 and the bank balances collateralized with securities held in the School District's name were \$3,805,368.

**NOTE 5: NON-MONETARY TRANSACTIONS**

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value of 129,791.

**NOTE 6: RESTRICTED ASSETS**

The restricted assets represent the cash balance and investment totaling \$46,936,376 for the funds held by the City to be used for capital outlay projects and pay debt requirements.

**NOTE 7: CAPITAL ASSETS**

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

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,050,210	\$ -	\$ -	\$ 1,050,210
Construction in Progress	12,074,615	40,999,992	289,223	52,785,384
Total Capital Assets Not Being Depreciated	<u>13,124,825</u>	<u>40,999,992</u>	<u>289,223</u>	<u>53,835,594</u>
Capital Assets Being Depreciated				
Buildings and Improvements	81,348,653	742,413	-	82,091,066
Equipment	4,388,421	503,019	23,237	4,868,203
Land Improvements	2,338,061	137,360	-	2,475,421
Less Accumulated Depreciation for:				
Buildings and Improvements	13,596,913	1,423,533	-	15,020,446
Equipment	3,413,637	308,379	23,237	3,698,779
Land Improvements	1,029,337	130,142	-	1,159,479
Total Capital Assets, Being Depreciated, Net	<u>70,035,248</u>	<u>(479,262)</u>	<u>-</u>	<u>69,555,986</u>
Governmental Activities Capital Assets - Net	<u>\$ 83,160,073</u>	<u>\$ 40,520,730</u>	<u>\$ 289,223</u>	<u>\$ 123,391,580</u>

The capital assets above include significant amounts of (asset category) which have been valued at estimated historical cost. The estimated historical cost was based on (standard costing, normal costing, replacement cost).

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Current year depreciation expense by function is as follows:

Instruction		\$	1,124,763
Support services			
Pupil Services	\$		394,777
General Administration			612
School Administration			5,613
Maintenance and Operation of Plant			168,375
Student Transportation Services			136,566
			705,943
Operations of Non-Instructional Services			
Enterprise Operations	\$		521
Food Services			30,827
			31,348
		\$	1,862,054

**NOTE 8: INTERFUND TRANSFERS**

**INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	\$ <u>3,103,021</u>

Transfers are used to move intergovernmental contract proceeds held by the capital projects fund to the debt service fund to pay debt in accordance with payment schedules.

**NOTE 9: RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters.

The School District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and job related illness or injuries to employees. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District’s insurance coverage in any of the past three years.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2018	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ 4,620	\$ 4,620	\$ -

**SURETY BONDS**

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

Position Covered	Amount
Superintendent	\$ 50,000
Assistant Superintendent	\$ 50,000
Principals	\$ 3,000

**NOTE 10: LONG-TERM LIABILITIES AND OBLIGATIONS**

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

	Governmental Activities				
	Balance July 1, 2017 (Restated)	Additions	Deductions	Balance June 30, 2019	Due Within One Year
	Intergovernmental Contracts	\$ 35,085,896	\$ 76,595,000	\$ 27,827,543	\$ 83,853,353
Unamortized Premium	4,020,754	5,116,695	3,082,437	6,055,012	533,873
Net Pension Liability	45,434,048	5,336,723	8,872,610	41,898,161	-
Net OPEB Liability	36,301,549	2,080,513	3,603,353	34,778,709	-
	\$ 120,842,247	\$ 89,128,931	\$ 43,385,943	\$ 166,585,235	\$ 15,470,261

**INTERGOVERNMENTAL CONTRACTS**

During fiscal year 2018, the City, on behalf of the School District, issued \$54,270,000, (Series 2017A, \$20,000,000), (Series 2017B, \$10,000,000), and (Refunding Series 2017C, \$24,270,000) in general obligation bonds, with a premium of \$5,116,695 and principal and interest payments beginning January 1, 2018 through January 1, 2048 at interest rates varying from 3.00% to 5.00%. The School District entered into an intergovernmental contract with the City in regard to the issuance, use of proceeds, and payment of the bonds as of November 6, 2017. The contract stipulates that the School District's payment obligations consist of the payments of all amounts coming due as principal and interest on the bonds. The School District will fund the bonds with Special Local Option Sales Tax (SPLOST) revenues and thus the School District has an intergovernmental payable to the City for the outstanding bonds. The bonds were issued to provide funds, together with other available funds of the School District to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District and the costs of issuance of the bonds including capitalized interest. The proceeds of the bonds are retained by the City and will be used to pay capital outlay expenditures as needed.

During fiscal year 2018, Gwinnett County Board of Education advanced \$22,325,000 to the School District. The School District used \$2,035,896 of the proceeds to pay off their portion of the remaining advanced funds from the Series 2012A General Obligation Sales Tax Bonds through an intergovernmental contract. This agreement also requires the School District to remit the monthly sales tax proceeds received from the Georgia Department of Revenue to Gwinnett County Board of Education until the advanced SPLOST funds are repaid. At the conclusion of the sales tax collection, if there is a remaining balance, the School District is ultimately responsible for any shortage in sales tax collections.

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During fiscal year 2015, the City, on behalf of the School District, issued \$33,050,000 in general obligation bonds, with a premium of \$4,720,016 and principal and interest payments beginning January 1, 2016 through January 1, 2029 at interest rates varying from 3.625% to 5.250%. The School District entered into an intergovernmental contract with the City in regards to the issuance, use of proceeds, and payment of the bonds as of June 1, 2015. The contract stipulates that the School District's payment obligations consist of the payments of all amounts coming due as principal and interest on the bonds. The School District will fund the bonds with Special Local Option Sales Tax (SPLOST) revenues and thus the School District has an intergovernmental payable to the City for the outstanding bonds. The bonds were issued to provide funds, together with other available funds of the School District to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District and the costs of issuance of the bonds including capitalized interest. The proceeds of the bonds are retained by the City and will be used to pay capital outlay expenditures as needed.

The 2017C series proceeds, reported above, were used to pay for the cost of issuance and for the advance refunding of a portion of the 2015 Series general obligation bonds in the amount of \$22,350,000. The reacquisition price exceeded the net carrying amount of the old debt by \$1,920,000. The refunding of the old notes created a debt service savings of \$323,789 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$1,208,414.

The intergovernmental payable pertaining to this agreement as follows:

Fiscal Year Ended June 30:	Principal	Interest	Unamortized Bond Premium
2019	\$ 14,936,388	\$ 2,958,044	\$ 533,873
2020	4,416,557	2,419,544	533,873
2021	4,747,798	2,419,544	533,873
2022	5,103,883	2,419,544	533,873
2023	448,727	2,419,544	533,873
2024 - 2028	9,420,000	10,213,719	2,669,367
2029 - 2033	24,290,000	5,314,319	343,310
2034 - 2038	5,645,000	3,302,419	128,742
2039 - 2043	6,740,000	2,197,519	128,742
2044 - 2048	8,105,000	838,854	115,486
	\$ 83,853,353	\$ 34,503,050	\$ 6,055,012

**NOTE 11: ON-BEHALF PAYMENTS**

The School District has recognized revenues and expenditures in the amount of \$57,789 for retirement contributions paid on the School District's behalf by the following State Agency:

Office of the State Treasurer of the State of Georgia	
Paid to Public School Employee Retirement System	
For Public School Employees Retirement (PSERS)	
in the amount of	\$ <u>57,789</u>

**NOTE 12: RETIREMENT PLANS**

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

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

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

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

***Contributions:*** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. 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 % of their annual pay during fiscal year 2018. The School District's contractually required contribution rate for the year ended June 30, 2018 was 16.81% of annual school district payroll. For the current fiscal year, employer contributions to the pension plan were \$4,663,109.

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

At June 30, 2018, the School District reported a liability of \$41,898,161 for its proportionate share of the net pension liability for TRS.

The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 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, 2017.

At June 30, 2017, the School District's TRS proportion was 0.225437%, which was an increase of 0.005216% from its proportion measured as of June 30, 2016. For the year ended June 30, 2018, the School District recognized pension expense of \$5,336,723.

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At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,567,249	\$ 158,119
Changes of assumptions	918,460	-
Net differences between projected and actual earnings on pension plan investments	-	288,329
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,046,233	
School District contributions subsequent to the measurement date	4,663,109	
	\$ 9,195,051	\$ 446,448

The School District contributions subsequent to the measurement date of \$4,663,109 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2019	\$ 475,515
2020	\$ 2,863,597
2021	\$ 1,556,466
2022	\$ (853,104)
2023	\$ 43,020

Actuarial Assumptions. The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary Increases	3.25% – 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries'

projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	39.80%	9.00%
Domestic mid equities	3.70%	12.00%
Domestic small equities	1.50%	13.50%
International developed market equities	19.40%	8.00%
International emerging market equities	5.60%	12.00%
Total	100.00%	

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

**Discount rate:** The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate:** The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability \$	68,759,798 \$	41,898,161 \$	19,770,209

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

**PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA (PSERS)**

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

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

Upon retirement, the member will receive a monthly benefit of \$15, 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. The current fiscal year contribution was \$57,789.

**Pension Liabilities and Pension Expense:**

At June 30, 2018, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is as follows:

State of Georgia's proportionate share of the net pension liability associated with the School District	\$ <u>298,154</u>
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The PSERS net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 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, 2017.

For the year ended June 30, 2018, the School District recognized pension expense of \$60,090 and revenue of \$60,090 for support provided by the State of Georgia.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018

EXHIBIT "H"

**Actuarial Assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary Increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

Asset class	PSERS Target allocation	Long-term Expected real rate of return *
Fixed Income	30.00%	-0.50%
Domestic large stocks	37.20%	9.00%
Domestic mid stocks	3.40%	12.00%
Domestic small stocks	1.40%	13.50%
International developed market stocks	17.80%	8.00%
International emerging market stocks	5.20%	12.00%
Alternative	5.00%	10.50%
	100.00%	

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

**Discount rate:** The discount rate used to measure the total PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

**LITIGATION:** The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable but is not believed to be material to the basic financial statements.

**GRANT CONTINGENCIES:** 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 collectability 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.

**STATE OF GEORGIA INTERCEPT PROGRAM:** In November 2017, the City issued \$20,000,000 of General Obligation Bonds, Series 2017A, \$10,000,000 of General Obligation Bonds, Series 2017B, and \$24,270,000 of General Obligation Refunding Bonds, Series 2017C to provide funds, together with other available funds of the School District, to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District and the costs of issuing the bonds. The obligation to pay the principal of and interest on the bonds is a general obligation debt of the City and constitutes a pledge of the full faith and credit and taxing power of the City. Debt service on the bonds will be paid from the general fund of the City from ad valorem taxes to be levied upon all property in the City which is subject to taxation for bond purposes.

In May 2015, the City issued \$33,050,000 of General Obligation Bonds, Series 2015 to provide funds, together with other available funds of the School District, to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District and the costs of issuing the bonds. The obligation to pay the principal of and interest on the bonds is a general obligation debt of the City and constitutes a pledge of the full faith and credit and taxing power of the City. Debt service on the bonds will be paid from the general fund of the City from ad valorem taxes to be levied upon all property in the City which is subject to taxation for bond purposes. A portion of these bonds were refunded, \$22,350,000, with General Obligation Bonds Series 2017C as mentioned above.

As additional security for the bonds, the School District is a participant in the State of Georgia Intercept Program. Under the terms of the program, the sinking fund custodian is required to transfer to the paying agent for the bonds such amount of moneys as are necessary to provide for the payment of the interest, or principal and interest, on the bonds coming due each interest payment date. If, on the 15th day of the calendar month preceding each interest payment date there is not on deposit in the sinking fund an amount sufficient to pay in full the interest, or principal and interest, coming due on the bonds on the payment date, and the City or the School District do not immediately remedy the deficiency, the sinking fund custodian shall notify the Georgia Department of Education of the amount of any such deficiency. Upon notification, the Georgia Department of Education will withhold such amount from any State appropriation to which the School District may be entitled and thereafter transfer the amount withheld to the sinking fund custodian for immediate deposit into the sinking fund.

For the fiscal year ended June 30, 2018, no such amounts were required to be paid by the Georgia Department of Education for debt service related to the bonds.

**CONTRACTUAL COMMITMENTS:** The School District has executed contracts with third parties for various construction projects. As of June 30, 2018, the balance of those contracts representing commitments made by the School District for work not yet completed is \$24,011,406.

**NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND**

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

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

***Contributions:*** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$1,323,269 for the year ended June 30, 2018. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2018, the School District reported a liability of \$34,778,709 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the School District's proportion was 0.247536%, which was an increase of 0.002591% from its proportion measured as of June 30, 2016.

CITY OF BUFORD BOARD OF EDUCATION – GWINNETT COUNTY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2018

EXHIBIT "H"

For the year ended June 30, 2018, the School District recognized OPEB expense of \$2,080,513. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	2,648,310
Net difference between projected and actual earnings on OPEB plan investments	10,172	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	325,458	
School District contributions subsequent to the measurement date	1,323,269	-
<b>Total</b>	<b>\$ 1,658,899</b>	<b>\$ 2,648,310</b>

School District contributions subsequent to the measurement date of \$1,323,269 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	TRS
2019	\$ (415,236)
2020	\$ (415,236)
2021	\$ (415,236)
2022	\$ (415,236)
2023	\$ (417,779)
2024	\$ (233,957)

**Actuarial assumptions:** The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 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, 2017:

OPEB:	
Inflation	2.75%
Salary Increases	
ERS	3.25% - 7.00%, including inflation
JRS	4.5%, including inflation
LRS	None
TRS	3.25% - 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare Cost Trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

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

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014.

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

Additionally, there was a change of assumptions that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation. In addition, the discount rate increased from 3.07% to 3.58%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Local Government Investment Pool	100.00%	1.13%

\*Rate shown is net of the 2.75% assumed rate of inflation

**Discount rate:** In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.56% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2029. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the 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 3.58%, 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 (2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB Liability	\$ 41,293,486	\$ 34,778,709	\$ 29,637,229

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 28,827,587	\$ 34,778,709	\$ 42,527,060

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

**NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION**

For fiscal year 2018, the School District made prior year adjustments due to the adoption of GASB Statement No. 75, as described in "New Accounting Pronouncements", which require the restatement of the June 30, 2017, net position in Governmental Activities. The result is a decrease in net position at July 1, 2017 of \$35,010,876. This change is in accordance with generally accepted accounting procedures.

Net position, July 1, 2017 as previously reported	\$ 41,769,310
Prior period adjustment - Implementation of GASB Statement No. 75:	
Net OPEB liability (measurement date)	(36,301,549)
Deferred outflows - School District's contributions made during fiscal year 2017	<u>1,290,673</u>
Net position, July 1, 2017, as restated	<u>\$ 6,758,434</u>

**NOTE 16: SUBSEQUENT EVENTS**

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations, however the impact cannot be reasonably estimated at this time.

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CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTION SHARE OF THE NET PENSION LIABILITY  
 TEACHERS RETIREMENT SYSTEM OF GEORGIA  
 FOR YEAR ENDED JUNE 30

SCHEDULE "1"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.225437%	0.220221%	0.213863%	0.207611%
School District's proportionate share of the net pension liability	\$ 41,898,161	\$ 45,434,048	\$ 32,558,518	\$ 26,228,911
State of Georgia's proportionate share of the net pension liability associated with the School District	-	-	-	-
<b>Total</b>	<b><u>\$ 41,898,161</u></b>	<b><u>\$ 45,434,048</u></b>	<b><u>\$ 32,558,518</u></b>	<b><u>\$ 26,228,911</u></b>
School District's covered payroll	\$ 25,897,057	\$ 24,159,790	\$ 22,577,922	\$ 21,180,488
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.79%	188.06%	144.21%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTION SHARE OF THE NET PENSION LIABILITY  
 PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
 FOR YEAR ENDED JUNE 30

SCHEDULE "2"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
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>298,154</u>	<u>405,517</u>	<u>256,607</u>	<u>188,706</u>
Total	<u>\$ 298,154</u>	<u>\$ 405,517</u>	<u>\$ 256,607</u>	<u>\$ 188,706</u>
School District's covered payroll	\$ 572,740	\$ 548,875	\$ 475,587	4,508,253
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%

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 SCHOOL OPEB FUND  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "3"

	2018
School District's proportion of the net OPEB liability	0.247536%
School District's proportionate share of the net OPEB liability (asset)	\$ 34,778,709
State of Georgia's proportionate share of the net OPEB liability associated with the School District	-
 Total	 \$ 34,778,709
School District's covered-employee payroll	\$ 23,906,164
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	145.48%
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 TEACHERS RETIREMENT SYSTEM OF GEORGIA  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "4"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,663,109	\$ 3,695,510	\$ 3,447,602	\$ 2,968,999	\$ 2,600,961
Contributions in relation to the contractually required contribution	\$ 4,663,109	\$ 3,695,510	\$ 3,447,602	\$ 2,968,999	\$ 2,600,961
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 27,740,075	\$ 25,897,057	\$ 24,159,790	\$ 22,577,922	\$ 21,180,448
Contribution as a percentage of covered-employee payroll	16.81%	14.27%	14.27%	13.15%	12.28%

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 2,335,428	\$ 2,005,680	\$ 1,926,521	\$ 1,846,138	\$ 1,795,058
Contributions in relation to the contractually required contribution	\$ 2,335,428	\$ 2,005,680	\$ 1,926,521	\$ 1,846,138	\$ 1,795,058
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 20,468,257	\$ 19,510,499	\$ 18,740,469	\$ 18,954,179	\$ 19,343,275
Contribution as a percentage of covered-employee payroll	11.41%	10.28%	10.28%	9.74%	9.28%

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 SCHOOL OPEB FUND  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "5"

		2018		2017
Contractually required contribution	\$	1,323,269	\$	1,290,673
Contributions in relation to the contractually required contribution	\$	1,323,269	\$	1,290,673
Contribution deficiency (excess)	\$	-	\$	-
School District's covered-employee payroll	\$	25,623,822	\$	23,906,164
Contribution as a percentage of covered-employee payroll		5.16%		5.40%

**Teachers Retirement System**

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

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

**Public School Employees Retirement System**

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

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

**School OPEB Fund**

**Changes of benefit terms:** In June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

**Changes in assumptions:** In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location. Additionally, there were changes to the discount rate and an increase in the investment rate of return due to a longer-term investment strategy.

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

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

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<u>REVENUES</u>				
Property Taxes	\$ 22,400,000	\$ 22,400,000	\$ 14,665,439	\$ (7,734,561)
Local Contribution	-	-	7,596,841	7,596,841
State Funds	21,875,016	21,932,805	23,196,890	1,264,085
Federal Funds	1,386,000	1,386,000	2,988,344	1,602,344
Charges for Services	2,558,750	2,558,750	3,385,210	826,460
Investment Earnings	-	-	6,034	6,034
Miscellaneous	147,000	147,000	3,594,306	3,447,306
	<u>48,366,766</u>	<u>48,424,555</u>	<u>55,433,064</u>	<u>7,008,509</u>
<u>EXPENDITURES</u>				
Current				
Instruction	34,250,036	34,166,116	36,820,432	(2,654,316)
Support Services				
Pupil Services	2,011,623	2,206,487	2,192,973	13,514
Improvement of Instructional Services	100,509	284,836	294,316	(9,480)
Educational Media Services	660,105	626,808	652,168	(25,360)
General Administration	3,297,826	3,402,890	3,217,364	185,526
School Administration	2,990,218	3,279,194	3,450,360	(171,166)
Business Administration	529,452	501,800	503,221	(1,421)
Maintenance and Operation of Plant	3,434,182	4,073,628	3,217,809	855,819
Student Transportation Services	1,686,932	1,821,005	1,897,985	(76,980)
Enterprise Operations	-	20,000	883,195	(863,195)
Community Services	549,343	549,343	474,300	75,043
Food Services Operation	2,179,755	2,198,875	2,149,486	49,389
	<u>51,689,981</u>	<u>53,130,982</u>	<u>55,753,609</u>	<u>(2,622,627)</u>
Net Change in Fund Balances	(3,323,215)	(4,706,427)	(320,545)	4,385,882
Fund Balances - Beginning	10,076,608	10,076,608	7,134,424	(2,942,184)
Fund Balances - Adjustments	40,245	(10,872)	-	10,872
Fund Balances - Ending	<u>\$ 6,793,638</u>	<u>\$ 5,359,309</u>	<u>\$ 6,813,879</u>	<u>\$ 1,454,570</u>

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$3,309,542 or expenditures \$3,336,033, respectively.

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

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2018

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
National School Breakfast Program	10.553	18185GA324N1099	\$ 266,847
National School Lunch Program	10.555	18185GA324N1100	1,801,842
Total U.S. Department of Agriculture			2,068,689
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027	H027A160073	7,261
Grants to States	84.027	H027A170073	686,274
Total Special Education Cluster			696,535
Other Program			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A160010	1,522
Career and Technical Education - Basic Grants to States	84.048	V048A170010	20,491
English Language Acquisition State Grants	84.365	S365A160010	13,425
English Language Acquisition State Grants	84.365	S365A170010	57,585
Student Support and Academic Enrichment Program	84.424A	S424A170011	14,651
Supporting Effective Instruction State Grants	84.367	S367A160001	8,761
Supporting Effective Instruction State Grants	84.367	S367A170001	64,881
Title I Grants to Local Educational Agencies	84.010	S010A160010	182,397
Title I Grants to Local Educational Agencies	84.010	S010A170010	628,350
Total Other Programs			992,063
Total U. S. Department of Education			1,685,598
Total Expenditures of Federal Awards			\$ 3,754,287

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Buford Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
 YEAR ENDED JUNE 30, 2018

SCHEDULE "9"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED (4)	ESTIMATED COMPLETION DATE
<b>SPLOST IV - HALL COUNTY</b>							
(i) Acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, student activity facilities and other school system facilities, acquiring and conducting site preparation of real estate for School District purposes, constructing and equipping additional classrooms, instructional and support space, and other school district facilities at existing school system facilities, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, library books and school buses; and (ii) paying expenses incident thereto.	\$ 3,900,000	\$ 3,900,000	\$ 630,943	\$ 3,269,057	\$ 3,900,000	\$ -	Complete
<b>SPLOST IV - GWINNETT COUNTY</b>							
(i) Acquiring new sites for the construction of new schools, support facilities and athletic facilities and the expansion of existing schools and support facilities; (ii) developing sites for constructing and equipping new schools, support facilities and athletic facilities; (iii) making additions to, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities; (iv) making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with buses and other transportation vehicles, textbooks, library books and other media; and (v) modernizing technology and making system-wide technology improvements in the Buford School District.	17,100,000	17,341,235	-	17,341,235	17,341,235	-	Complete
Total SPLOST IV Expenditures	21,000,000	21,241,235	630,943	20,610,292	21,241,235	-	
<b>SPLOST V - HALL COUNTY</b>							
(i) Acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, student activity facilities and other school system facilities, acquiring and conducting site preparation of real estate for school district purposes, constructing and equipping additional classrooms, instructional and support space, and other school district facilities at existing school system facilities, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, library books and school buses; and (ii) paying expenses incident thereto.	3,200,000	3,200,000	5,916,065	-	-	-	6/30/2019
<b>SPLOST V - GWINNETT COUNTY</b>							
(i) Acquiring new sites for the construction of new schools, support facilities and athletic facilities and the expansion of existing schools and support facilities; (ii) developing sites for and constructing and equipping new schools, support facilities and athletic facilities; (iii) making additions to, acquiring or renovating and equipping existing schools, support facilities and athletic facilities; (iv) purchasing and refurbishing school buses and other transportation vehicles; (v) making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with buses and other transportation vehicles; textbooks, library books and other media; (vi) modernizing technology and making system-wide technology improvements in the Buford School District; and (vii) paying principal and interest of previously issued indebtedness	22,325,000	22,325,000	34,726,786	-	-	-	6/30/2019
Total SPLOST V Expenditures	25,525,000	25,525,000	40,642,851	-	-	-	
Total SPLOST Expenditures	\$ 46,525,000	\$ 46,766,235	\$ 41,273,794	\$ 20,610,292	\$ 21,241,235	\$ -	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Special Purpose Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Hall County and Gwinnett County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) The surplus of SPLOST proceeds will be used to fund future SPLOST projects as appropriate.

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CITY OF BUFORD BOARD OF EDUCATION - GWINNETT COUNTY  
 GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)  
 ALLOTMENTS AND EXPENDITURES - BY PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1)(2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Programs	\$ 1,929,061	\$ 2,507,441	\$ 91,964	\$ 2,599,405
Kindergarten Program - Early Intervention Program	88,027	280,298	-	280,298
Primary Grades (1-3) Program	4,584,659	5,310,592	162,075	5,472,667
Primary Grades Early Intervention (1-3) Program	169,927	317,778	-	317,778
Upper Elementary Grades (4-5) Program	2,102,014	2,830,664	95,577	2,926,241
Upper Elementary Grades-Early Intervention (4-5) Program	40,690	26,718	-	26,718
Middle School (6-8) Program	3,597,617	3,554,643	164,034	3,718,677
High School General Education (9-12) Program	3,122,905	3,793,097	429,570	4,222,667
Vocational Laboratory (9-12) Program	909,399	790,618	34,448	825,066
Students with Disabilities, QBE	3,337,135	82,037	-	82,037
CATEGORY I	-	336,585	333,375	669,960
CATEGORY III	-	2,803,072	3,356	2,806,428
CATEGORY IV	-	1,440	-	1,440
Gifted Student - CATEGORY VI	2,539,567	2,500,526	-	2,500,526
Remedial Education Program	127,124	187,085	-	187,085
Alternative Education Program	254,924	-	28,505	28,505
English Speakers of Other Languages (ESOL)	843,678	877,413	1,608	879,021
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	23,646,727	26,200,007	1,344,512	27,544,519
Media Center Program	649,415	603,683	30,055	633,738
Staff and Professional Development	108,085	111,442	-	111,442
TOTAL QBE FORMULA FUNDS	\$ 24,404,227	\$ 26,915,132	\$ 1,374,567	\$ 28,289,699

(1) Comprised of State Funds plus Local Five Mill Share.

(2) Allotments do not include the impact of the State amended formula adjustment.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156  
Atlanta, Georgia 30334-8400

**Greg S. Griffin**  
STATE AUDITOR  
(404) 656-2174

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

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Superintendent and Members of the  
City of Buford Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Buford Board of Education as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 20, 2020.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 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. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items FS 2018-002 and FS 2018-003, to be material weaknesses.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2018-001, to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2018-003.

### **School District's Response to Findings**

The School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Respectfully submitted,



Greg S. Griffin  
State Auditor

August 20, 2020



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156  
Atlanta, Georgia 30334-8400

**Greg S. Griffin**  
STATE AUDITOR  
(404) 656-2174

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

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Superintendent and Members of the  
City of Buford Board of Education

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

We have audited the City of Buford Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Basis for Qualified Opinion on Title I Grants to Local Educational Agencies (CFDA 84.010)***

As described in the accompanying *Schedule of Findings and Questioned Costs*, the School District did not comply with requirements regarding Title I Grants to Local Educational Agencies (CFDA 84.010) as described in item FA 2018-001 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to the program.

### ***Qualified Opinion on Title I Grants to Local Educational Agencies (CFDA 84.010)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Title I Grants to Local Educational Agencies (CFDA 84.010)* for the year ended June 30, 2018.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School District 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 other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2018.

### ***Other Matters***

The School District's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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 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. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2018-001, to be a material weakness.

The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

August 20, 2020

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

CITY OF BUFORD BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2017-001                      Controls over Financial Reporting  
Control Category:              Financial Reporting  
Internal Control Impact:      Material Weakness  
Compliance Impact:          None  
Repeat of Prior Year Finding: FS 2016-001

Finding Status:                      Unresolved

The School District will implement a financial statement review process that includes examination of the financial positions and note disclosures. The review process will include reconciliations between any externally tracked expenditures, debt, and cash accounts.

Estimated corrective action date as of June 30, 2019.

FS 2017-002                      Accounting for Special Purpose Local Option Sales Tax Activity  
Control Category:              General Ledger  
Internal Control Impact:      Material Weakness  
Compliance Impact:          Material Noncompliance  
Repeat of Prior Year Finding: 2016-002; 2015-001

Finding Status:                      Unresolved

The School District will implement a financial statement review process that includes an examination of related SPLOST balances. Reconciliations will be performed between the financial statements and recorded SPLOST activity as tracked by the School District. This review will also evaluate the impact of any adjusting journal entries made by the financial statement preparer and their overall impact on the correctness of SPLOST activity. In addition, the Board will continue to utilize Quickbooks to track the activity and will review all expenditures at year-end with the City of Buford administration.

Estimated corrective action date as of June 30, 2019.

FS 2016-001                      Controls over Financial Reporting  
Control Category:              Financial Reporting  
Internal Control Impact:      Material Weakness  
Compliance Impact:          None  
Repeat of Prior Year Finding: None

Finding Status:                      Unresolved

The School District has contracted with a third party CPA firm who is properly trained to prepare financial statement in compliance with GAAP. In addition, the school district will implement a financial statement review process that includes examination of the financial positions and note disclosures. The review process will include reconciliations between any externally tracked expenditures, debt, and cash accounts.

Estimated corrective action date as of June 30, 2019.



SECTION IV

FINDINGS AND QUESTIONED COSTS

CITY OF BUFORD BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2018

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:  
 Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiency identified? Yes

Noncompliance material to financial statements noted: Yes

**Federal Awards**

Internal Control over major programs:

- Material weakness identified? Yes
- Significant deficiency identified? None Reported

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

Unmodified for all major programs except for Title I Grants to Local Education Agencies, which was qualified.

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? No

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

FS 2018-001	<u>Internal Controls over Cash and Cash Equivalents</u>
Control Category:	Cash and Cash Equivalents
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	None

**Description:**

The cash reconciliation procedures of the School District were insufficient to provide for adequate internal controls over cash and cash equivalents. Additionally, the established control process over cash and cash equivalents was not properly followed as bank reconciliations were completed and reviewed by the same individual.

**Criteria:**

The School District's management is responsible for designing and maintaining an adequate system of internal controls that ensures that all cash accounts are accurate and adequately supported by reliable bank reconciliations or other appropriate documentation. The cash reconciliation process should be designed to detect and identify errors, irregularities, and misstatements to cash.

**Condition:**

We observed the following control deficiencies related to cash and investments:

- The School District's general operating bank account reconciliation was not reconciled to the appropriate book balance. The book balance utilized in the School District's reconciliation was from the summary of balances by bank and fund report which was not accurate.
- Wire transfers were inappropriately included as reconciling items as a deduction from cash that should have been reported as payables. Investment activity was not maintained properly within the general ledger throughout the year and investment balance is inappropriately included in cash balance at year-end.
- A few of the school activity account reconciliations lacked signatures of approvers.
- Numerous outstanding checks documented to other School District accounts were noted without an offsetting deposit in transit on the corresponding account.
- Bank reconciliations for several accounts were not completed in a timely manner through the fiscal year.

Management override related to the cash process was noted as follows:

- The School District's controls over the bank account reconciliation process were overridden by a member of management resulting in separation of duties issue in the cash maintenance process. Finance personnel had the ability to complete bank reconciliations, record and process revenue, and record journal entries.

**Cause:**

In discussing this issue with management, they stated that multiple months of reconciliations were lost due to a system crash, resulting in the need to reperform. In addition they stated ensuring adequate separation of duties is limited in part by financial constraints that restrict the hiring of additional employees.

**Effect or Potential Effect:**

The lack of adequate controls over cash increases the risk for theft, fraud, or misuse of School District resources that may result in errors and/or irregularities which would not be detected in a timely manner.

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

**Recommendation:**

Management override should not be used to circumvent established internal controls. The School District should review the controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the bank reconciliation process to ensure that all bank accounts are properly reconciled to the general ledger on a monthly basis and that adequate review and approval of this process is performed and documented. We also recommend the School District make the appropriate journal entries to properly classify cash and investments and strengthen internal controls to ensure that all activity related to cash and investments is properly recorded and maintained by appropriate fund and account on the general ledger.

**Views of Responsible Officials:**

FS 2018-002	<u>Controls over Financial Reporting</u>
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-001; FS 2016-001

**Description:**

The financial statement reporting process of the School District was insufficient to ensure all required activity was correctly included in the financial statement information presented for audit. The original financial statements, as presented for audit, contained numerous material and significant errors and omissions.

**Criteria:**

Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter II – 2 *Annual Financial Reporting of the Financial Management for Georgia Local Units of Administration* provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

### Condition:

The following errors and omissions were noted in the School District's financial statements and note disclosures as presented for audit:

- Non-depreciable capital assets were understated by \$15,952,237 on the government-wide financial statements due not recording all of the construction costs of the new Buford High School. Correction was proposed by the auditor and accepted by the School District for this material misstatement.
- Long-term liabilities were understated by \$20,289,104 on the government-wide financial statements. This misstatement was a result of the financial statements presented for audit not including the new intergovernmental agreement with Gwinnett County Board of Education. This error was also noted in the capital projects fund by reporting the amount as a reduction to expenditures instead of an increase to other financing sources. In addition, this error resulted in the long-term debt amounts in the Notes to the Financial Statements being understated for principal by \$20,289,104 and interest by \$7,276,520. Corrections were proposed by the auditor and accepted by the School District for these material misstatements.
- The School District understated Restricted Assets held by the City of Buford by \$9,085,511, overstated accounts receivable from the City of Buford (Primary Government) by \$3,688,237 and understated Due to Primary Government by \$2,336,215 on both the government-wide financial statements and the capital projects fund. Corrections were proposed by the auditor and accepted by the School District for these material misstatements.
- Principal payments made on the intergovernmental agreement with the Gwinnett County Board of Education were understated by \$2,035,896 on the capital projects fund. Interest payments made on the intergovernmental agreement with the City of Buford were not recorded in the amount of \$1,281,902. Corrections were proposed by the auditor and accepted by the School District for these significant misstatements.
- Fund balance restricted for debt service was understated and fund balance restricted for capital projects was overstated by \$1,821,119 in the capital projects fund. Corrections were proposed by the auditor and accepted by the School District for these material misstatements.
- Fund balance assigned for school activity accounts was understated and unassigned fund balance was overstated by \$877,505.00 in the general fund. Corrections were proposed by the auditor and accepted by the School District for these significant misstatements.
- Contractual commitments reported in the note disclosure were understated by \$18,628,012. Corrections were proposed by the auditor and accepted by the School District for this material misstatement.
- Numerous other significant correction and reclassification entries were proposed by the auditor and accepted by the School District to properly present the School District's financial statements, note disclosures, and supplementary information.

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

**Cause:**

The School District contracted with a third party to perform the financial statement preparation who made multiple inappropriate financial statement adjustments and was unfamiliar with the School District's new debt issuances, external expenditure for capital projects, and funds held by the parent government (City of Buford). In discussing this deficiency with the School District, they stated that the cause was a direct result of the lack of review of the financial statements and note disclosures as prepared by their consultant.

**Effect or Potential Effect:**

Material and significant misstatements and misclassifications were included in the financial statements presented for audit. Numerous adjustments were necessary in order for the School District's financial statements to be in conformity with GAAP. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

**Recommendation:**

The School District should strengthen their internal controls and preparation and review procedures over financial reporting to ensure that the financial statements, including disclosures, presented for audit are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements and knowledge of the School District's activities and operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

**Views of Responsible Officials:**

FS 2018-003	Accounting for Special Purpose Local Option Sales Tax Activity
Control Category:	General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Repeat of Prior Year Finding:	FS 2017-002; FS 2016-002; FS 2015-001

**Description:**

The School District did not adequately account for the activity of the Special Purpose Local Option Sales Tax (SPLOST). SPLOST activity was not maintained with sufficient detail or on regular basis in the general ledger. In addition, material and significant financial statement errors were noted related to SPLOST activity.

**Criteria:**

Internal controls should be in place to ensure that general ledgers are properly maintained using modified-accrual accounting methods based on generally accepted accounting principles (GAAP) to properly track and account for by vendor detail the activity on each of the School District's Special Purpose Local Option Sales Tax (SPLOST) accounts.

National Council on Governmental Accounting (NCGA) Statement 1 paragraph 21, *Governmental Accounting and Financial Reporting Principles*, requires governments to account for funds in a separate self-balancing set of accounts for its assets, liabilities, equity, revenues, expenditures or expenses (as appropriate), and transfers. This requirement of a complete set of accounts for each fund refers to identification of accounts in the accounting records.

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

Chapter 4 *Accounting Records* of the Financial Management for Georgia Local Units of Administration provides that every financial transaction is recorded in some form in the accounting records in order to maintain management control and provide the basis for financial reporting.

Official Code of Georgia Annotated (OCGA) §50-6-32, Transparency in Government Act requires local boards of education to submit “A list of consultant expenses and other professional services expenses” to the Department of Accounts and Accounts for publication.

**Condition:**

During the fiscal year ended June 30, 2018, the School District collected revenues from two different jurisdictions, Hall and Gwinnett Counties for the SPLOST referendums. Rather than maintain SPLOST revenues and expenditures on the general ledger, the School District used a spreadsheet to track SPLOST activity throughout the fiscal year and posted the results of this activity to the general ledger at year-end. Details of expenditures including vendor names, dates and amounts were not submitted to the Department of Audits and Accounts for publication as required by §50-6-32 and are instead maintained external to the School District general ledger. Furthermore, expenditures reported on the financial statements were materially incorrect and did not properly reconcile to the summary information posted on the general ledger. Adjustments were proposed by the auditor and accepted by the School District to correct these misstatements and properly record SPLOST activity.

**Cause:**

In discussing this deficiency with the School District, management indicated that an excel spreadsheet was utilized to track activity throughout the year. They stated substantial complexities and communication issues between the parent government (City of Buford) who maintains SPLOST funding in a custodial capacity, and the component unit (School District) makes it impractical to record expenditures in the ledger timely. In addition, the School District contracted with a third party to perform the financial statement preparation who was unfamiliar with the School District’s external expenditure tracking and made inappropriate financial statement adjustments to SPLOST activity.

**Effect or Potential Effect:**

The School District did not maintain complete and accurate accounting records in accordance with GAAP for the activity of the SPLOST projects. Material misstatements related to SPLOST activity were included in the government-wide and fund financial statements presented for audit. Numerous adjustments were necessary in order for the School District’s financial statements to properly present SPLOST activity in conformity with GAAP.

**Recommendation:**

We recommend the School District carefully review all SPLOST transactions throughout the year to ensure that the activity is complete, accurate and reported in accordance with GAAP. Additionally, we recommend the School District periodically reconcile the activity maintained in subsidiary ledgers to the City of Buford’s records and make periodic entries to the general ledger system instead of on year-end entry.

**Views of Responsible Officials:**

CITY OF BUFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FA 2018-001	<u>Excessive Cash Balances</u>
Compliance Requirement:	Cash Management
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Numbers:	S010A160010, S010A170010
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	None

**Description:**

The School District made cash drawdowns in excess of immediate cash needs for the Title I program.

**Criteria:**

2 CFR 200.305(b) states, "For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from...the pass-through entity and the disbursement by the non-Federal entity." In addition, 2 CFR 200.302(b)(6) requires that the entity develop written cash management procedures.

**Condition:**

Upon review of cash drawdowns and disbursements related to the Title I program, cash balances in excess of Title I program materiality were observed throughout the majority of the fiscal year.

**Questioned Cost:**

N/A

**Cause:**

In discussing the issues with management, they indicated that the failure to reverse the prior year salary accruals until the end of the fiscal year resulted in excess cash drawdown requests.

**Effect or Potential Effect:**

The School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance. In addition, the School District could potentially accrue a Federal interest liability that would be owed to the Federal government.

**Recommendation:**

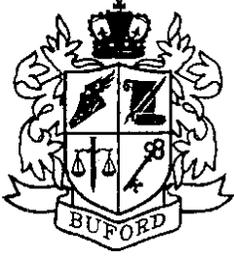
The School District should develop and implement procedures to accurately forecast the cash needs of the Title I program and minimize the time elapsing between the transfer of funds from the Georgia Department of Education and the disbursement of such funds by the School District. These procedures should be documented in accordance with 2 CFR 200.302(b)(6). In addition, management should develop and implement a monitoring process to ensure that these procedures are followed.

**Views of Responsible Officials:**

We concur with this finding.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION



# Buford City Schools

Robert Downs, Ed.D.  
Superintendent

Melanie Reed, Ed.S.  
Assistant Superintendent

2625 Sawnee Avenue  
Buford, Georgia 30518  
Phone: 770-945-5035  
Fax: 770-945-4629

## CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2018-001                      Internal Controls over Cash and Cash Equivalents  
Control Category:              Cash and Cash Equivalents  
Internal Control Impact:       Significant Deficiency  
Compliance Impact:           None  
Repeat of Prior Year Finding: None

The cash reconciliation procedures of the School District were insufficient to provide for adequate internal controls over cash and cash equivalents.

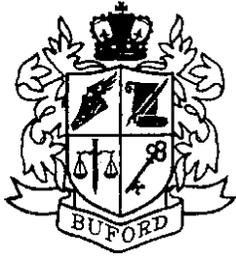
### **Corrective Action Plans:**

Buford City Schools administrative team has implemented additional steps to the cash reconciliation process. For all accounts held at the central office, the board chairman reviews all bank statements. In addition, the system account clears all checks and records the revenue. The Finance Director prepares the reconciliation and the Assistant Finance Director reviews and approves. For school bank reconciliations, the system bookkeeper reconciles the school level bank statements each month. Those reconciliations are reviewed and approved by the principals.

Estimated Completion Date: 06/30/2020

Contact Person: Angela Adams, Director of Finance  
Telephone: 770-945-5035 ext 308 ; E-mail: [angela.adams@bufordcityschools.org](mailto:angela.adams@bufordcityschools.org)

*Angela Adams*



# Buford City Schools

Robert Downs, Ed.D.  
Superintendent

Melanie Reed, Ed.S.  
Assistant Superintendent

2625 Sawnee Avenue  
Buford, Georgia 30518  
Phone: 770-945-5035  
Fax: 770-945-4629

## CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2018-002                      Controls over Financial Reporting  
Control Category:              Financial Reporting  
Internal Control Impact:      Material Weakness  
Compliance Impact:          None  
Repeat of Prior Year Finding: FS 2017-001; FS 2016-001

The financial statement reporting process of the School District was insufficient to ensure all required activity was correctly included in the financial statement information presented for audit.

### **Corrective Action Plans:**

Buford City Schools administrative finance team will utilize the suggested end of the year checklist from Georgia Department of Education FMGULA and the suggested end of the year checklist from the Georgia Department of Audits and Accounts. The finance team will work with the vendor contracted to provide financial statements to ensure that the statements are completed in compliance with GAAP.

Estimated Completion Date: 09/30/2020

Contact Person: Angela Adams, Director of Finance  
Telephone: 770-945-5035 ext 308 ; E-mail: [angela.adams@bufordcityschools.org](mailto:angela.adams@bufordcityschools.org)

FS 2018-003                      Accounting for Special Purpose Local Option Sales Tax Activity  
Control Category:              General Ledger  
Internal Control Impact:      Material Weakness  
Compliance Impact:          Material Noncompliance  
Repeat of Prior Year Finding: FS 2017-002; FS 2016-002; FS 2015-001

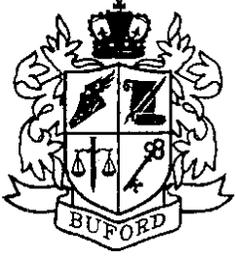
The School District did not adequately account for the activity of the Special Purpose Local Option Sales Tax (SPLOST).

### **Corrective Action Plans:**

The management of the school district will utilize QuickBooks to maintain all SPLOST activity. Each project will be reviewed with City of Buford management and auditor on a quarterly basis to reconcile all revenue and expenditures for each project. After the year end reconciliation process is completed, the activity will be moved from QuickBooks to PCGenesis

Estimated Completion Date: 09/30/2018

Contact Person: Angela Adams, Director of Finance  
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# Buford City Schools

Robert Downs, Ed.D.  
Superintendent

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## CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

FA 2018-001	<u>Excessive Cash Balances</u>
Compliance Requirement:	Cash Management
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Numbers:	S010A160010, S010A170010
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	None

The School District made cash drawdowns in excess of immediate cash needs for the Title I program.

### **Corrective Action Plans:**

Buford City Schools administrative finance team has implemented changes to correct drawdowns. In the year subsequent to 2018, the drawdown process has changed. The drawdowns are reconciled to each grant before drawdown takes place. Also if funds are moved into the grants to ensure there is not a deficit, the transfer will be reversed once funds have been received. Only general ledger reports will be used to drawdown funds.

Estimated Completion Date: 09/30/2019

Contact Person: Angela Adams, Director of Finance  
Telephone: 770-945-5035 ext308; E-mail: [angela.adams@bufordcityschools.org](mailto:angela.adams@bufordcityschools.org)

*Angela Adams*