

**BUTTS COUNTY BOARD
OF EDUCATION**

ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2019**

**Prepared by:
Finance Department**

**181 N. Mulberry Street
Jackson, Georgia 30233**

BUTTS COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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BUTTS COUNTY BOARD OF EDUCATION

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members of the
Butts County Board of Education
Jackson, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Butts County Board of Education** (the "School District") as of and for the year ended June 30, 2019 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 ("GAAP") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with GAAP.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 4 through 10), the Schedules of Proportionate Share of the Net Pension Liabilities, the Schedules of Pension Contributions, the Schedule of Proportionate Share of the Net Other Post-employment Benefit ("OPEB") Liability, and the Schedule of OPEB Contributions (on pages 52 through 62) 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 ("GASB") 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 schedule of state revenue; schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the schedule of approved local option sales tax projects, as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of state revenue, schedule of expenditures of federal awards, and schedules of approved local option sales tax projects (collectively the “supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAP. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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 Butts County Board of Education’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Butts County Board of Education’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
November 11, 2020

BUTTS COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The Management's Discussion and Analysis ("MD&A") of the Butts County Board of Education's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this MD&A 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 fiscal year 2019 are as follows:

- ✓ The School District's financial status remained stable during fiscal year 2019. In total, net position increased \$3.3 million which represents an increase from fiscal year 2018. This total increase was due to governmental activities since the School District has no business-type activities.
- ✓ General revenues accounted for \$17.4 million or 41.6% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$24.4 million or 58.4% of total revenues. Total revenues were \$41.8 million.
- ✓ The School District had \$38.4 million in expenses related to governmental activities; these expenses were offset by \$24.4 million in program specific charges for services, grants or contributions. General revenues and taxes of \$17.4 million was also provided for these programs.
- ✓ Among major funds, the General Fund had \$37.1 million in revenues and \$36.6 million in expenditures. The General Fund's fund balance increased from \$10.9 million to \$11.3 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, or as an entire operating entity.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds, if any, presented in total in one column. In the case of the School District, the General Fund is by far the most significant fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in those assets. This change in net position is important because it tells the reader whether, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's 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, after school program, school activity accounts and various others.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Capital Projects Fund and the Debt Service Fund.

Governmental Funds – All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* 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 you 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* is reconciled in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Funds – The School District is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the school activity 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.

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2019, compared to fiscal year 2018.

**Table 1
Net Position**

	2019	2018
Current and other assets	\$ 21,615,695	\$ 23,263,641
Capital assets	69,155,892	68,032,740
Total assets	90,771,587	91,296,381
Deferred outflows of resources - pensions and OPEB	8,092,389	5,657,388
Long-term liabilities outstanding	59,693,995	62,964,373
Other liabilities	5,348,621	6,113,664
Total liabilities	65,042,616	69,078,037
Deferred inflows of resources - pensions and OPEB	6,641,197	4,028,420
Net position:		
Net investment in capital assets	61,540,590	59,944,206
Restricted	5,458,414	5,492,794
Unrestricted	(39,818,841)	(41,589,688)
Total net position	\$ 27,180,163	\$ 23,847,312

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018. The total net position increased \$3,332,851, for fiscal year 2019, compared to a \$2,844,690 increase for fiscal year 2018. The increase in net position was due to a conservation projection of local tax revenue, an increase in investment income and conservative spending, part of which included employee raises and the corresponding increases in benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Position

	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 724,432	\$ 653,616
Operating grants and contributions	23,052,106	21,854,176
Capital grants and contributions	599,460	1,027,586
General revenues:		
Property taxes		
For maintenance and operations	11,221,754	10,999,709
Sales taxes	4,279,772	3,951,041
Other taxes	190,543	184,378
Grant and contributions not restricted to specific programs	1,167,304	1,438,395
Investment income	153,415	30,041
Miscellaneous	374,429	436,260
Total revenues	41,763,215	40,575,202
Expenses		
Instruction	22,540,923	22,201,073
Support services		
Pupil services	2,309,537	2,176,108
Improvement of instructional services	1,559,053	1,523,342
Educational media services	464,382	489,833
General administration	934,798	1,042,062
School administration	2,570,350	2,603,403
Business administration	337,107	341,756
Maintenance and operations	2,380,606	2,114,752
Student transportation	2,245,457	2,209,691
Central support services	170,093	228,069
Other support services	133,189	103,967
Operations of noninstructional services		
School nutrition	2,616,791	2,499,322
Enterprise operations	35,967	35,826
Interest on long-term debt	132,111	161,308
Total expenses	38,430,364	37,730,512
Increase in net position	3,332,851	2,844,690
Net position, beginning of year	23,847,312	21,002,622
Net position, end of year	\$ 27,180,163	\$ 23,847,312

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Instruction comprises 58.7% of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Comparative data from fiscal year 2018, is also presented.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2019	2018	2019	2018
Instruction	\$ 22,540,923	\$ 22,201,073	\$ (5,963,176)	\$ (5,851,099)
Support services				
Pupil services	2,309,537	2,176,108	(1,710,852)	(1,630,553)
Improvement of instructional services	1,559,053	1,523,342	(838,157)	(909,410)
Educational media services	464,382	489,833	(7,549)	(53,224)
General administration	934,798	1,042,062	(310,628)	(380,878)
School administration	2,570,350	2,603,403	(1,567,203)	(1,654,376)
Business services	337,107	341,756	(337,107)	(341,756)
Maintenance and operations	2,380,606	2,114,752	(1,373,490)	(1,115,134)
Student transportation	2,245,457	2,209,691	(1,509,041)	(1,646,769)
Central support services	170,093	228,069	(159,593)	(219,694)
Other support services	133,189	103,967	(132,962)	(103,767)
School nutrition	2,616,791	2,499,322	23,470	(35,826)
Enterprise operations	35,967	35,826	(35,967)	(91,340)
Interest on long-term debt	132,111	161,308	(132,111)	(161,308)
Total expenses	\$ 38,430,364	\$ 37,730,512	\$ (14,054,366)	\$ (14,195,134)

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 26.5% of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 36.6%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$43.4 million and expenditures and other financing uses of \$44.4 million. There was a decrease in fund balance of approximately \$1.4 million in the Capital Projects Fund due to increased activity on SPLOST projects and the fund balance of the General Fund had an increase of approximately \$451 thousand due to conservative estimates of local revenue and zero based budgeting, and as in prior years, conservative spending.

General Fund Budgeting Highlights

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

The School District uses function-based budgeting. The budgeting systems are designed to tightly control total function budgets but provide flexibility for site management.

For the General Fund, budgeted revenues increased from \$35.0 million to \$35.4 million, while budgeted expenditures increased from \$37.4 million to \$38.0 million. Budgeted revenues increased due to the tenacious tax collecting efforts of the Butts County Tax Commissioner. Other local revenue was budgeted conservatively. Budgeted expenditures increased due to increased TRS employer contributions that were not funded. Additionally, Enterprise Operations (school activity accounts) were not budgeted.

Capital Assets

At the end of fiscal year 2019, the School District had \$69.2 million invested in capital assets, all in governmental activities. Table 4 indicates balances at June 30, 2019. Capital asset comparisons to fiscal year 2018, are also included.

Table 4
Capital Assets (Net of Depreciation)

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>
Land	\$ 1,972,342	\$ 1,972,342
Construction in progress	1,536,136	9,144,535
Land improvements	312,425	412,564
Buildings and improvements	63,477,442	55,148,616
Equipment	1,857,547	1,354,683
Total	<u>\$ 69,155,892</u>	<u>\$ 68,032,740</u>

Capital assets increased due to several capital projects being completed during the current year including the Jackson High School renovation and the athletic complex. Additionally, technology purchases were higher in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

Long-Term Liabilities

At fiscal year ended June 30, 2019, the School District had \$59.7 million in long-term liabilities outstanding. Table 5 summarizes the School District's liabilities as compared to the prior fiscal year.

Table 5
Long-term Liabilities

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental activities:					
General Obligation					
Bonds	\$ 8,500,000	\$ -	\$ (1,515,000)	\$ 6,985,000	\$ 1,725,000
Bond Premium	499,434	-	(119,864)	379,570	119,864
Net Pension Liability	27,666,505	4,191,691	(3,857,920)	28,000,276	-
Net OPEB Liability	26,298,434	1,695,150	(3,664,435)	24,329,149	-
Governmental activities					
Long-term liabilities	<u>\$ 62,964,373</u>	<u>\$ 5,886,841</u>	<u>\$ (9,157,219)</u>	<u>\$ 59,693,995</u>	<u>\$ 1,844,864</u>

Current Issues

The School District's current operating millage rate is 15.96 mills. Management and the Board of Education hope to hold this level for a few years as to not place a hardship on the property owners in Butts County.

SPLOST revenues will be used to service debt for the 2017 bonds.

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 information, contact Jennifer Lucier, Coordinator of Finance, 181 N. Mulberry Street, Jackson, Georgia, 30233. You may also email your questions to lucierj@bcssk12.org.

BUTTS COUNTY BOARD OF EDUCATION

**STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 16,502,968
Investments	5,927
Receivables:	
Taxes	1,380,854
Intergovernmental:	
State	2,902,490
Federal	781,489
Other	15,789
Inventory	19,488
Prepaid items	6,690
Capital assets (nondepreciable)	3,508,478
Capital assets (net of accumulated depreciation)	65,647,414
Total assets	<u>90,771,587</u>
DEFERRED OUTFLOWS	
Related to pension plans	6,475,262
Related to OPEB plan	1,617,127
Total deferred outflows	<u>8,092,389</u>
LIABILITIES	
Accounts payable	386,732
Salaries and benefits payable	3,854,892
Contracts payable	884,864
Accrued interest payable	81,333
Retainage payable	140,800
Bonds payable due within one year	1,844,864
Bonds payable due in more than one year	5,519,706
Net pension liability	28,000,276
Net OPEB liability	24,329,149
Total liabilities	<u>65,042,616</u>
DEFERRED INFLOWS	
Related to pension plans	1,635,843
Related to OPEB plan	5,005,354
Total deferred inflows	<u>6,641,197</u>
NET POSITION	
Net investment in capital assets	61,783,241
Restricted for:	
Continuation of federal programs	827,848
Capital projects	2,636,262
Debt service	1,765,667
Unrestricted	(39,832,855)
Total net position	<u>\$ 27,180,163</u>

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

BUTTS COUNTY BOARD OF EDUCATION

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 22,540,923	\$ 509,323	\$ 15,709,347	\$ 359,077	\$ (5,963,176)
Support services:					
Pupil services	2,309,537	145,479	453,206	-	(1,710,852)
Improvement of instructional services	1,559,053	-	720,896	-	(838,157)
Educational media services	464,382	-	456,833	-	(7,549)
General administration	934,798	-	624,170	-	(310,628)
School administration	2,570,350	-	1,003,147	-	(1,567,203)
Business administration	337,107	-	-	-	(337,107)
Maintenance and operation of plant	2,380,606	-	1,007,116	-	(1,373,490)
Student transportation services	2,245,457	-	504,756	231,660	(1,509,041)
Central support services	170,093	-	10,500	-	(159,593)
Other support services	133,189	-	227	-	(132,962)
Enterprise operations	35,967	-	-	-	(35,967)
Food service operations	2,616,791	69,630	2,561,908	8,723	23,470
Interest on long-term debt	132,111	-	-	-	(132,111)
Total governmental activities	<u>\$ 38,430,364</u>	<u>\$ 724,432</u>	<u>\$ 23,052,106</u>	<u>\$ 599,460</u>	<u>(14,054,366)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					11,221,754
Sales taxes, levied for capital projects					4,279,772
Intangible taxes					111,991
Transfer taxes					53,266
Railroad equipment tax					25,286
Grants and contributions not restricted to specific programs					1,167,304
Unrestricted investment earnings					153,415
Miscellaneous					374,429
Total general revenues					<u>17,387,217</u>
Change in net position					3,332,851
Net position, beginning of year					23,847,312
Net position, end of year					<u>\$ 27,180,163</u>

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

BUTTS COUNTY BOARD OF EDUCATION

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,634,634	\$ 4,868,334	\$ -	\$ 16,502,968
Investments	5,927	-	-	5,927
Receivables:				
Taxes	997,463	383,391	-	1,380,854
Intergovernmental:				
State	2,592,117	310,373	-	2,902,490
Federal	781,489	-	-	781,489
Other	15,789	-	-	15,789
Prepaid items	6,690	-	-	6,690
Inventory	19,488	-	-	19,488
Total assets	<u>\$ 16,053,597</u>	<u>\$ 5,562,098</u>	<u>\$ -</u>	<u>\$ 21,615,695</u>
LIABILITIES, DEFERRED OUTFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 307,350	\$ 79,382	\$ -	\$ 386,732
Salaries and benefits payable	3,854,892	-	-	3,854,892
Contracts payable	-	884,864	-	884,864
Retainage payable	-	140,800	-	140,800
Total liabilities	<u>4,162,242</u>	<u>1,105,046</u>	<u>-</u>	<u>5,267,288</u>
DEFERRED INFLOWS				
Unavailable revenue - property taxes	<u>551,358</u>	<u>-</u>	<u>-</u>	<u>551,358</u>
FUND BALANCES				
Nonspendable:				
Inventory	19,488	-	-	19,488
Prepaid items	6,690	-	-	6,690
Restricted for:				
Federal programs	808,360	-	-	808,360
Debt service	-	1,847,000	-	1,847,000
Capital projects	-	2,610,052	-	2,610,052
Assigned for:				
Student activities	392,824	-	-	392,824
Subsequent year's budget	1,217,676	-	-	1,217,676
Unassigned	8,894,959	-	-	8,894,959
Total fund balances	<u>11,339,997</u>	<u>4,457,052</u>	<u>-</u>	<u>15,797,049</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 16,053,597</u>	<u>\$ 5,562,098</u>	<u>\$ -</u>	

(Continued)

BUTTS COUNTY BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

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 are not reported in the funds.

Cost	\$ 96,873,761	
Less accumulated depreciation	<u>(27,717,869)</u>	\$ 69,155,892

Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.

Property taxes		551,358
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	\$ (6,985,000)	
Bond premium	(379,570)	
Accrued interest	(81,333)	
Pensions - deferred outflows	6,475,262	
Pension - deferred inflows	(1,635,843)	
Net pension liability	(28,000,276)	
OPEB - deferred outflows	1,617,127	
OPEB - deferred inflows	(5,005,354)	
Net OPEB liability	<u>(24,329,149)</u>	(58,324,136)
Net position of governmental activities		<u>\$ 27,180,163</u>

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

BUTTS COUNTY BOARD OF EDUCATION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 11,124,344	\$ -	\$ -	\$ 11,124,344
Sales taxes	165,257	4,279,772	-	4,445,029
Other taxes	25,286	-	-	25,286
State funds	19,859,448	310,373	-	20,169,821
Federal funds	4,647,894	-	-	4,647,894
Charges for services	724,432	-	-	724,432
Investment earnings	142,764	10,651	-	153,415
Miscellaneous	374,429	-	-	374,429
Total revenues	<u>37,063,854</u>	<u>4,600,796</u>	<u>-</u>	<u>41,664,650</u>
EXPENDITURES				
Current:				
Instruction	21,080,681	1,169,551	-	22,250,232
Support services:				
Pupil services	2,283,360	112,200	-	2,395,560
Improvement of instructional services	1,543,574	70,870	-	1,614,444
Educational media services	489,387	-	-	489,387
General administration	920,329	35,626	-	955,955
School administration	2,667,538	25,776	-	2,693,314
Business administration	321,831	31,345	-	353,176
Maintenance and operation of plant	2,151,373	256,999	-	2,408,372
Student transportation services	2,249,350	88,050	-	2,337,400
Central support services	212,736	3,771	-	216,507
Other support services	133,178	-	-	133,178
Enterprise operations	35,967	-	-	35,967
Food services operations	2,523,427	500	-	2,523,927
Capital outlay	-	2,470,569	-	2,470,569
Debt service:				
Principal retirement	-	-	1,515,000	1,515,000
Interest and fees	-	-	267,125	267,125
Total expenditures	<u>36,612,731</u>	<u>4,265,257</u>	<u>1,782,125</u>	<u>42,660,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451,123</u>	<u>335,539</u>	<u>(1,782,125)</u>	<u>(995,463)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,782,125	1,782,125
Transfers out	-	(1,782,125)	-	(1,782,125)
Total other financing sources (uses)	<u>-</u>	<u>(1,782,125)</u>	<u>1,782,125</u>	<u>-</u>
Net change in fund balances	451,123	(1,446,586)	-	(995,463)
FUND BALANCE, beginning of year	<u>10,888,874</u>	<u>5,903,638</u>	<u>-</u>	<u>16,792,512</u>
FUND BALANCE, end of year	<u>\$ 11,339,997</u>	<u>\$ 4,457,052</u>	<u>\$ -</u>	<u>\$ 15,797,049</u>

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

BUTTS COUNTY BOARD OF EDUCATION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Net change in fund balances - total governmental funds	\$	(995,463)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which capital outlay exceeded depreciation is to increase net position.

Capital outlay	\$	3,205,563	
Depreciation expense		<u>(2,082,411)</u>	1,123,152

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

Property taxes			97,410
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Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$	1,515,000	
Bond premium amortization		119,864	
Adjustment to record pension expense and related revenue for pension special funding situation, net of fund level amounts		1,155	
Change in net pension liability and deferred inflows and outflows related to pension activity		1,469,822	
Change in net OPEB pension liability and deferred inflows and outflows related to OPEB activity		<u>(13,239)</u>	3,092,602

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

Change in accrued interest			<u>15,150</u>
	\$		<u><u>3,332,851</u></u>

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

BUTTS COUNTY BOARD OF EDUCATION

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 11,000,000	\$ 11,000,000	\$ 11,124,344	\$ 124,344
Sales taxes	150,000	150,000	165,257	15,257
Other taxes	-	-	25,286	25,286
State funds	19,490,175	19,661,855	19,859,448	197,593
Federal funds	4,274,111	4,555,883	4,647,894	92,011
Charges for services	62,952	62,952	724,432	661,480
Investment earnings	550	550	142,764	142,214
Miscellaneous	-	-	374,429	374,429
Total revenues	<u>34,977,788</u>	<u>35,431,240</u>	<u>37,063,854</u>	<u>1,632,614</u>
EXPENDITURES				
Current:				
Instruction	21,740,652	21,921,465	21,080,681	840,784
Support services:				
Pupil services	2,194,808	2,309,451	2,283,360	26,091
Improvement of instructional services	2,027,391	2,115,714	1,543,574	572,140
Educational media services	523,167	522,267	489,387	32,880
General administration	1,057,206	1,038,102	920,329	117,773
School administration	2,793,386	2,795,576	2,667,538	128,038
Business administration	331,057	331,057	321,831	9,226
Maintenance and operation of plant	2,088,967	2,087,967	2,151,373	(63,406)
Student transportation services	1,911,311	2,161,633	2,249,350	(87,717)
Central support services	208,200	211,970	212,736	(766)
Other support services	58,287	58,287	133,178	(74,891)
Enterprise operations	-	-	35,967	(35,967)
Food services operations	2,432,247	2,432,247	2,523,427	(91,180)
Total expenditures	<u>37,366,679</u>	<u>37,985,735</u>	<u>36,612,731</u>	<u>1,373,004</u>
Net change in fund balance	(2,388,891)	(2,554,495)	451,123	3,005,618
FUND BALANCE, beginning of year	<u>10,888,874</u>	<u>10,888,874</u>	<u>10,888,874</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 8,499,983</u>	<u>\$ 8,334,379</u>	<u>\$ 11,339,997</u>	<u>\$ 3,005,618</u>

**NOTE TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

(1) Original and Final Budget amounts do not include budgeted revenues (\$649,420) or expenditures (\$619,829) of the various school activity accounts.

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.

BUTTS COUNTY BOARD OF EDUCATION

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019**

		<u>Agency Fund</u>
	ASSETS	
Cash		<u>\$ 125,843</u>
	LIABILITIES	
Funds held for others		<u>\$ 125,843</u>

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

BASIC FINANCIAL STATEMENTS

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Butts County Board of Education (the "School District") was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

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 of the School District. 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 non-exchange 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:

1. **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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements (Continued)

2. **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.
3. **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 statements for are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, with 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 of the School District, except those resources required to be accounted for in another fund.
- The *District-Wide Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST"), and grants from the Georgia State Financing and Investing Commission, that are restricted, committed, or assigned to the expenditure capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

- 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.

Basis of Accounting

The basis of accounting determines when transactions are reported in 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*. Agency funds have no measurement focus; however, they use 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. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. 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 and donations 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 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 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 general 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, if any, are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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 resources 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.

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 12-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 12-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 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 2019, the School District adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations ("ARO"s). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The adoption of this statement does not have a significant impact on the School District's financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

In fiscal year 2019, the School District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this statement does not have a significant impact on the School District's financial statements.

Cash and Cash Equivalents

Composition of Deposits – Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (“Georgia Fund 1”) 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.

Investments

Composition of Investments – The School District can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

The School District does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

Investments made by the School District in non-participating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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 in the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables (Continued)

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

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 (first-in/first-out). 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 future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Construction in Progress	All	N/A
Land Improvements	\$ 5,000	20 Years
Buildings and Improvements	5,000	25 – 70 Years
Equipment	5,000	8 – 15 Years
Computers and Software	100,000	5 Years
Intangible Assets	5,000	10 – 20 Years

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.

Long-Term Liabilities and Bond Discounts/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, bond 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 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. Bond issuance costs are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the 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.

Post-employment Benefits Other Than Pensions

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' Post-employment Benefit Fund (the "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.

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant constraints either: 1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Assigned consists of resources constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by: 1) the Board, or 2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

The fund balance of the School District's General Fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District's basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipate revenue in order to maintain a balanced budget.

When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Use of Estimates

The preparation of the 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 may differ from those estimates.

Property Taxes

The Butts County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on June 28, 2018 (levy date), based on property values as of January 1, 2018. Taxes were due on December 5, 2018 (lien date) and could be paid in two installments on September 12, 2018 and December 5, 2018. Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Butts County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection 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, 2019, for maintenance and operations amounted to \$10,111,549.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The tax millage rate levied for the 2018 tax year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>17.221</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,012,795 during the fiscal year ended June 30, 2019.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$4,279,772 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 reauthorized at least every five years.

NOTE 3. BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Collateralization of 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.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of \$16,634,738 which includes \$5,927 in a Certificate of Deposit that is reported as Investments and bank balances of \$17,867,885. As of June 30, 2019, all of the School District's deposits were properly collateralized in accordance with state law and applicable GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk (Continued)

The School District's deposits by custodial credit risk category at June 30, 2019, are as follows:

Reconciliation of cash and cash equivalents to carrying value of deposits:

Statement of Net Position:

Cash and cash equivalents	\$ 16,502,968
Statement of Fiduciary Net Position	
Cash and cash equivalents	125,843
Total cash and cash equivalents	<u>\$ 16,628,811</u>

Add: Deposits with an original maturity of three months or more reported as an investment

	5,927
Total carrying value of deposits - June 30, 2019	<u><u>\$ 16,634,738</u></u>

Categorization of Investments – At June 30, 2019, the School District had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	July 27, 2020	<u><u>\$ 5,927</u></u>

Fair Value of Investments

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

At June 30, 2019, \$5,927 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk.

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. **See Note 2 – Inventories.**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 1,972,342	\$ -	\$ -	\$ -	\$ 1,972,342
Construction in progress	9,144,535	2,262,955	-	(9,871,354)	1,536,136
Total	<u>11,116,877</u>	<u>2,262,955</u>	<u>-</u>	<u>(9,871,354)</u>	<u>3,508,478</u>
Capital assets, being depreciated:					
Buildings and improvements	75,287,356	8,560	-	9,871,354	85,167,270
Equipment	6,009,159	827,159	-	-	6,836,318
Land improvements	1,254,806	106,889	-	-	1,361,695
Total	<u>82,551,321</u>	<u>942,608</u>	<u>-</u>	<u>9,871,354</u>	<u>93,365,283</u>
Less accumulated depreciation for:					
Buildings and improvements	(20,138,740)	(1,551,088)	-	-	(21,689,828)
Equipment	(4,654,476)	(324,295)	-	-	(4,978,771)
Land improvements	(842,242)	(207,028)	-	-	(1,049,270)
Total	<u>(25,635,458)</u>	<u>(2,082,411)</u>	<u>-</u>	<u>-</u>	<u>(27,717,869)</u>
Total capital assets, being depreciated, net	<u>56,915,863</u>	<u>(1,139,803)</u>	<u>-</u>	<u>9,871,354</u>	<u>65,647,414</u>
Governmental activities capital assets, net	<u>\$ 68,032,740</u>	<u>\$ 1,123,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,155,892</u>

Current year depreciation expense by function is as follows:

Instruction	\$ 1,697,692
Support Services	
General Administration	\$ 36,922
School Administration	13,704
Maintenance and Operations	46,299
Student Transportation	175,743
Food Services	<u>272,668</u>
	<u>112,051</u>
Total Depreciation Expense	<u>\$ 2,082,411</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u> <u>Capital</u> <u>Projects</u>
Debt Service Fund	\$ 1,782,125

Transfers are used to move sales tax revenues collected by the Capital Projects Fund to the Debt Service Fund for payment of bonds.

NOTE 8. RISK MANAGEMENT

Insurance

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 carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Unemployment Compensation

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 liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONTINUED)

Unemployment Compensation (Continued)

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2018	\$ -	\$ 5,621	\$ (5,621)	\$ -
2019	\$ -	\$ -	\$ -	\$ -

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to \$2.0 million. In addition to the \$550,000.00 per occurrence retention, the Fund also retains an additional \$200,000.00 per year corridor retention.

Surety Bond

The School District has purchased a surety bond to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM LIABILITIES

The changes in long-term debt during the fiscal year ended June 30, 2019, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 8,500,000	\$ -	\$ (1,515,000)	\$ 6,985,000	\$ 1,725,000
Bond Premiums Amortized	499,434	-	(119,864)	379,570	119,864
Net Pension Liability	27,666,505	4,191,691	(3,857,920)	28,000,276	-
Net OPEB Liability	<u>26,298,434</u>	<u>1,695,150</u>	<u>(3,664,435)</u>	<u>24,329,149</u>	<u>-</u>
Total	<u>\$ 62,964,373</u>	<u>\$ 5,886,841</u>	<u>\$ (9,157,219)</u>	<u>\$ 59,693,995</u>	<u>\$ 1,844,864</u>

General Obligation Bonds

The School District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semi-annually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved property taxes and sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Government - Series 2017	3.0% - 4.0%	June 22, 2017	September 1, 2022	\$ 8,500,000	\$ 6,985,000

Scheduled Maturities of Long-Term Liabilities

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2020	\$ 1,725,000	\$ 218,125	\$ 119,864
2021	1,815,000	165,025	119,864
2022	1,920,000	99,400	119,864
2023	<u>1,525,000</u>	<u>30,500</u>	<u>19,978</u>
Total Principal and Interest	<u>\$ 6,985,000</u>	<u>\$ 513,050</u>	<u>\$ 379,570</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. SIGNIFICANT CONTINGENT LIABILITIES

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. Any disallowances resulting from the grantor audit may become a liability of the School District. However, the School District believes that such disallowances, if any, will be immaterial to its overall financial position.

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 have a material adverse effect on the financial condition of the School District.

NOTE 11. 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 O.C.G.A. are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the “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 \$1,040,940 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2019, the School District reported a liability of \$24,329,149 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018, was determined using standard roll-forward techniques.

The School District’s proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the School District’s proportion was 0.191422%, which was an increase of 0.004244% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$1,054,179. At June 30, 2019, 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	\$ -	\$ 553,393
Changes of assumptions	-	4,121,475
Net difference between projected and actual earnings on pension plan investments	32,917	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	543,270	330,486
School District contributions subsequent to the measurement date	1,040,940	-
Total	\$ 1,617,127	\$ 5,005,354

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued): School District contributions subsequent to the measurement date of \$1,040,940 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	OPEB
2020	\$ (875,488)
2021	(875,488)
2022	(875,488)
2023	(877,454)
2024	(690,251)
2025	(234,998)

Actuarial assumptions: The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

OPEB:

Inflation	2.75%
Salary increases	3.25% – 9.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.50%
Medicare Eligible	5.50%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

Actuarial assumptions (Continued): 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 one 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 three years for males and two 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 five years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ended June 30, 2014.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	(0.50)%
Domestic Stocks - Large Cap	37.20%	9.00%
Domestic Stocks - Mid Cap	3.40%	12.00%
Domestic Stocks - Small Cap	1.40%	13.50%
International Stocks - Developed Mkt	17.80%	8.00%
International Stocks - Emerging Mkt	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	100.00%	

*Net of Inflation

Discount rate: The discount rate has changed since the prior measurement date from 3.58% to 3.87%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.87% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond 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 2118. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

Sensitivity of the 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 3.87%, 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 (2.87%) or 1 percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District’s proportionate share of the collective net OPEB liability	\$ 28,408,817	\$ 24,329,149	\$ 21,039,323

Sensitivity of the 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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District’s proportionate share of the collective net OPEB liability	\$ 20,453,711	\$ 24,329,149	\$ 29,281,816

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 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 O.C.G.A. §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 (the “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 TRS of Georgia issues a publicly available separate financial report that can be obtained at www.trsga.com/publications.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of Georgia ("TRS") (Continued)

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 ten years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019, was 20.90% of annual School District payroll, of which 20.71% of payroll was required from the School District and 0.19% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$3,836,659 and \$34,057 from the School District and the State, respectively.

Employees' Retirement System ("ERS")

Plan description: The Employees' Retirement System of Georgia ("ERS") is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits Provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan ("GSEPS"). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Employees' Retirement System ("ERS") (Continued)

Benefits Provided (Continued): Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of ten years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2019 was 24.78% of annual covered payroll for Old and New Plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.66% of annual covered payroll of New and Old Plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. 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. Employer contributions to the pension plan were \$14,038 for the current fiscal year.

Public School Employees' Retirement System ("PSERS")

Plan Description: Public School Employees' Retirement System ("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 TRS. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS")

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 \$73,818.

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

At June 30, 2019, the School District reported a liability of \$28,000,276 for its proportionate share of the Net Pension Liability for TRS (\$27,910,779) and ERS (\$89,497).

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

The TRS Net Pension Liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the Net Pension Liability, the related State of Georgia support, and the total portion of the Net Pension Liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$ 27,910,779
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>238,338</u>
Total	<u>\$ 28,149,117</u>

The net pension liability for TRS and ERS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018, was determined using standard roll-forward techniques. The School District's proportion of the Net Pension Liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2018.

At June 30, 2018, the School District's TRS proportion was 0.150364%, which was an increase of 0.002453% from its proportion measured as of June 30, 2017. At June 30, 2018, the School District's ERS proportion was 0.002177%, which was a decrease of 0.002176% from its proportion measured as of June 30, 2017.

At June 30, 2019, 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 \$420,466.

The PSERS Net Pension Liability was measured as of June 30, 2018. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018, was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

For the year ended June 30, 2019, the School District recognized pension expense of \$2,404,610 for TRS, \$24,890 for ERS, and \$97,353 for PSERS and revenue of \$11,676 for TRS and \$97,353 for PSERS. The revenue is support provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,847,733	\$ 57,525
Changes of assumptions	421,164	-
Net difference between projected and actual earnings on pension plan investments	-	763,135
Changes in proportion and differences between School District contributions and proportionate share of contributions	348,668	758,297
School District contributions subsequent to the measurement date	3,836,659	-
Total	\$ 6,454,224	\$ 1,578,957

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,784	\$ -
Changes of assumptions	4,216	-
Net difference between projected and actual earnings on pension plan investments	-	2,062
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	54,824
School District contributions subsequent to the measurement date	14,038	-
Total	\$ 21,038	\$ 56,886

School District contributions subsequent to the measurement date of June 30, 2018, for TRS and ERS 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	TRS	Fiscal Year Ending June 30,	ERS
2020	\$ 1,133,643	2020	\$ (27,920)
2021	571,226	2021	(17,616)
2022	(766,289)	2022	(3,428)
2023	65,149	2023	(922)
2024	34,879	2024	-

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

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

Teachers' Retirement System:

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

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) was used 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 death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

Employees' Retirement System:

Inflation	2.75%
Salary increases	3.25% - 7.00%, average, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) for service retirements and dependent beneficiaries. The RP- 2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set back seven years for males and set forward three years for 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 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

Public School Employees' Retirement System

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

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

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two 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 five 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

The long-term expected rate of return on TRS, ERS and 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 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:

<u>Asset class</u>	<u>TRS Target allocation</u>	<u>ERS/PSERS Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	30.00%	(0.50)%
Domestic - Large Cap	39.80	37.20	9.00
Domestic - Mid Cap	3.70	3.40	12.00
Domestic - Small Cap	1.50	1.40	13.50
International developed market	19.40	17.80	8.00
International emerging market	5.60	5.20	12.00
Alternative	-	5.00	10.50
Total	<u>100.00%</u>	<u>100.00%</u>	

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

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.50%. The discount rate used to measure the total ERS and PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and 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 TRS, ERS and 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

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

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% and 7.30%, 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% and 6.30%) or 1-percentage-point higher (8.50% and 8.30%) 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 collective net pension liability	\$ 46,591,082	\$ 27,910,779	\$ 12,517,259
	Employees' Retirement System		
	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School District's proportionate share of the collective net pension liability	\$ 127,297	\$ 89,497	\$ 57,291

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS, ERS, and PSERS financial report which is publicly available at www.trsga.com/publications and <http://www.ers.ga.gov/formspubs/formspubs.html>.

NOTE 13. SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2019, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Henderson MS - Phase 1	\$ 1,596,584	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.150364%	0.147911%	0.150205%	0.154976%	0.156744%
School District's proportionate share of the net pension liability	\$ 27,910,779	\$ 27,489,715	\$ 30,988,966	\$ 23,593,557	\$ 19,802,537
State of Georgia's proportionate share of the net pension liability associated with the School District	238,338	352,377	485,863	368,421	290,954
	<u>\$ 28,149,117</u>	<u>\$ 27,842,092</u>	<u>\$ 31,474,829</u>	<u>\$ 23,961,978</u>	<u>\$ 20,093,491</u>
School District's covered payroll	\$ 18,062,236	\$ 17,225,029	\$ 16,734,255	\$ 16,358,608	\$ 15,990,961
School District's proportionate share of the net pension liability as a percentage of its covered payroll	154.53%	159.59%	185.18%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%	81.44%	84.03%

Note: The measurement date for the year ended June 30, 2019 is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,836,659	\$ 3,010,560	\$ 2,426,930	\$ 2,351,111	\$ 2,151,157
Contributions in relation to the contractually required contribution	3,836,659	3,010,560	2,426,930	2,351,111	2,151,157
Contribution deficiency (excess)	-	-	-	-	-
School District's covered payroll	18,528,174	18,062,236	17,225,029	16,734,255	16,358,608
Contributions as a percentage of covered payroll	20.71%	16.67%	14.09%	14.05%	13.15%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30, 2019

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 increases 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 the rates of mortality, retirement, disability, withdrawal, and salary increases. The expectation of retired life mortality was changed to 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).

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	420,466	392,092	513,656	325,961	293,542
	<u>\$ 420,466</u>	<u>\$ 392,092</u>	<u>\$ 513,656</u>	<u>\$ 325,961</u>	<u>\$ 293,542</u>
School District's covered payroll	\$ 1,508,102	\$ 1,117,533	\$ 904,987	\$ 979,201	\$ 969,014
School District's proportionate share of the net pension liability as a percentage of its covered	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	81.00%	87.00%	88.29%

Note: The measurement date for the year ended June 30, 2019 is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30, 2019

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 increases 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 the rates of mortality, retirement, and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward three years for males and two years for females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.002177%	0.004353%	0.004458%	0.004534%	0.004913%
School District's proportionate share of the net pension liability	\$ 89,497	\$ 176,790	\$ 210,882	\$ 183,690	\$ 184,268
School District's covered payroll	55,540	106,767	55,540	103,657	110,628
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.14%	165.58%	379.69%	177.21%	166.56%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	76.33%	72.34%	76.20%	77.99%

Note: The measurement period for the year ended June 30, 2019 is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 14,038	\$ 13,779	\$ 26,489	\$ 25,624	\$ 22,763
Contributions in relation to the contractually required contribution	14,038	13,779	26,489	25,624	22,763
Contribution deficiency (excess)	-	-	-	-	-
School District's covered payroll	56,651	55,540	106,767	103,657	103,657
Contributions as a percentage of covered payroll	24.78%	24.81%	24.81%	24.72%	21.96%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30, 2019

CHANGES OF ASSUMPTIONS

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the School System. Primary among the changes were the updates to the rates of mortality, retirement, withdrawal and salary increases.

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>
School District's proportion of the net OPEB Liability	0.191422%	0.187178%
School District's proportionate share of the net pension liability	<u>\$ 24,329,149</u>	<u>\$ 26,298,434</u>
	<u>\$ 24,329,149</u>	<u>\$ 26,298,434</u>
School District's covered-employee payroll	\$ 16,325,800	\$ 15,424,337
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.02%	170.50%
Plan fiduciary net position as a percentage of the total pension liability	2.93%	1.61%

Note: The measurement date for the year ended June 30, 2019 is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,040,940	\$ 992,125	\$ 975,958
Contributions in relation to the contractually required contribution	1,040,940	992,125	975,958
Contribution deficiency (excess)	-	-	-
School District's covered-employee payroll	16,443,936	16,325,800	15,424,337
Contributions as a percentage of covered-employee payroll	6.33%	6.08%	6.33%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHOOL OPEB FUND FOR THE YEAR ENDED JUNE 30, 2019

CHANGES OF BENEFIT TERMS

In the 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.

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.

BUTTS COUNTY BOARD OF EDUCATION

**SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 649,922	\$ -	\$ 649,922
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,029,313	-	1,029,313
Kindergarten Program - Early Intervention Program	231,781	-	231,781
Primary Grades (1-3) Program	2,619,354	-	2,619,354
Primary Grades - Early Intervention (1-3) Program	377,530	-	377,530
Upper Elementary Grades (4-5) Program	1,173,795	-	1,173,795
Upper Elementary Grades - Early Intervention (4-5) Program	189,411	-	189,411
Middle School (6-8) Program	2,467,240	-	2,467,240
High School General Education (9-12) Program	1,929,125	-	1,929,125
Career Technical and Agricultural Education Program 9-12	684,852	-	684,852
Students with Disabilities	2,429,180	-	2,429,180
Program for Intellectually Gifted Students - Category VI	822,515	-	822,515
Remedial Education Program	219,597	-	219,597
Alternative Education Program	171,482	-	171,482
English Speakers of Other Languages (ESOL)	25,674	-	25,674
Media Center Program	391,342	-	391,342
20 Days Additional Instruction	121,924	-	121,924
Staff and Professional Development	63,374	-	63,374
Principal Staff and Professional Development	1,315	-	1,315
Indirect Cost			
Central Administration	531,874	-	531,874
School Administration	814,540	-	814,540
Facility Maintenance and Operations	853,943	-	853,943
State Health Benefit Plan Employer Holiday	(195,615)	-	(195,615)
Categorical Grants			
Pupil Transportation			
Pupil Transportation	401,149	-	401,149
Nursing Services	69,900	-	69,900
Mid-term Adjustment Hold-Harmless	22,883	-	22,883
Vocational Supervisors	14,299	-	14,299
Education Equalization Funding Grant	1,167,303	-	1,167,303
Food Services	58,652	-	58,652
Vocational Education	93,062	-	93,062

(Continued)

BUTTS COUNTY BOARD OF EDUCATION

**SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Grants (Continued)			
Other State Programs			
Bus Purchase - State Allotment	\$ 231,660	\$ -	\$ 231,660
Math and Science Supplements	20,078	-	20,078
Preschool Handicapped Program	69,119	-	69,119
Georgia State Financing and Investment Commission			
Reimbursement for Construction Projects	-	310,373	310,373
Office of the State Treasurer			
Public School Employees Retirement	73,818	-	73,818
	<u>\$ 19,859,448</u>	<u>\$ 310,373</u>	<u>\$ 20,169,821</u>

See Notes to the Basic Financial Statements.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST V FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)(5)</u>	<u>Expended In Prior Years (3)(5)</u>	<u>Total Completion Cost</u>	<u>Estimated Completion Date</u>
Rehabilitating, repairing, renovating, extending and improving Jackson High School.	\$ 12,350,000	\$ 12,350,000	\$ 662,551	\$ 4,294,156	\$ -	2022
Rehabilitating, repairing, renovating, extending and improving Henderson Middle School.	2,500,000	2,500,000	1,569,504	13,376	-	2022
Rehabilitating, repairing, renovating, extending improving Daughtry Elementary School.	200,000	200,000	7,565	2,955	-	2022
Rehabilitating, repairing, renovating, extending and improving Jackson Elementary School.	200,000	200,000	3,220	2,955	-	2022
Rehabilitating, repairing, renovating, extending and improving Stark Elementary School.	200,000	200,000	5,260	2,955	-	2022
Acquisition of school buses, vehicles and transportation and maintenance equipment.	550,000	550,000	74,498	87,728	-	2022
Renovating or adding to existing administrative facilities.	300,000	300,000	219,987	-	-	2022
Additional classrooms, physical education and athletic facilities, roof replacements and repairs, mechanical system repairs and replacements, and wiring and infrastructure modifications; additional parking and paving at School District facilities; acquiring and installing system-wide instructional and administrative technology, software, safety and security equipment; acquisition of music, vocational and physical education/athletic equipment; acquiring textbooks; acquiring any necessary property, both real and personal; and paying costs incident to accomplishing and foregoing.	5,000,000	5,000,000	1,722,672	1,423,630	-	2022
	<u>\$ 21,300,000</u>	<u>\$ 21,300,000</u>	<u>\$ 4,265,257</u>	<u>\$ 5,827,755</u>	<u>\$ -</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax approved by the voters of Butts County (\$25M), is different from the amount reported above (\$21.3M). The Board has budgeted less, based on historical collections
- (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 Butts 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 project.
- (4) As of June 30, 2019, there were no excess proceeds which were not yet expended.
- (5) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	\$ 200,203
Current Year	267,125
	<u>\$ 467,328</u>

See Notes to the Basic Financial Statements.

COMPLIANCE SECTION



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

**To the Superintendent and Members of the
Butts County Board of Education
Jackson, Georgia**

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butts County Board of Education (the "School District") as of and for the year ended June 30, 2019 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 November 11, 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.

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

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
November 11, 2020



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

**To the Superintendent and Members of the
Butts County Board of Education
Jackson, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the Butts County Board of Education's (the "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 the School District's major federal programs for the year ended June 30, 2019. 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.

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; 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.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 11, 2020

BUTTS COUNTY BOARD OF EDUCATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food Services			
School Breakfast Program	10.553	195GA324N1099	\$ 682,130
National School Lunch Program	10.555	195GA324N1099	1,692,747
Total Child Nutrition Cluster			<u>2,374,877</u>
Other programs			
Child Nutrition Discretionary Grants - Limited Availability	10.579	175GA350N8103	<u>8,723</u>
Fresh Fruits and Vegetables	10.582	195GA324L1603	<u>85,272</u>
State Administrative Expenses for Child Nutrition	10.560	18185GA904N2533	<u>2,054</u>
Total U.S. Department of Agriculture			<u>2,470,926</u>
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027	H027A170073	200,571
Grants to States	84.027	H027A180073	507,921
Preschool Grants	84.173	H173A180081	20,636
Total Special Education Cluster			<u>729,128</u>
Other Programs			
Title I, Grants to Local Educational Agencies	84.010	S010A170010	148,382
Title I, Grants to Local Educational Agencies	84.010	S010A180010	988,080
Supporting Effective Instruction State Grants	84.367	S367A170001	50,927
Career and Technical Education -			
Basic Grants to States	84.048	V048A180010	40,031
Student Support and Academic Enrichment	84.424A	S424A170011	10,880
Student Support and Academic Enrichment	84.424A	S424A180011	37,009
Rural Education	84.358	S365B180010	50,901
Total U. S. Department of Education			<u>2,055,338</u>
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	121,630
Total Expenditures of Federal Awards			<u>\$ 4,647,894</u>

N/A = Not Available

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Butts County Board of Education (the "School District") and is presented on the accrual basis of accounting.

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

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes \$166,928 of non-cash expenditures in the form of donated food commodities.

NOTE 3. DE MINIMIS COST RATE

The School District elected not to use the 10% de minimis cost rate for the year ended June 30, 2019.

NOTE 4. SUBRECIPIENTS

The School District did not pass through any funds to subrecipients for the year ended June 30, 2019.

NOTE 5. TRANSFERS

During the year ended June 30, 2019, \$155,000 was transferred to the Title I, Grants to Local Educational Agencies program from the Supporting Effective Instruction State Grants (\$130,000) and the Student Support and Academic Enrichment Grant (\$25,000). Expenditures of transfers are reflected within the receiving program.

BUTTS COUNTY BOARD OF EDUCATION

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

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance? Yes No

Identification of major program:

CFDA Number

10.553

10.555

Name of Federal Program or Cluster

U.S. Department of Agriculture:

Child Nutrition Cluster

School Breakfast Program

National School Lunch Program

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

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

SECTION II
FINANCIAL STATEMENTS FINDINGS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

BUTTS COUNTY BOARD OF EDUCATION

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

No prior year findings.