BUTTS COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

BUTTS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	3
	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	
D	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	4
E	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	5
F	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	6
G	NOTES TO THE BASIC FINANCIAL STATEMENTS	8
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	39
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	40
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	41
4	SCHEDULE OF CONTRIBUTIONS - TEACHERS RETIREMENT SYSTEM OF GEORGIA	42
5	SCHEDULE OF CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	43
6	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	44
7	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	45
8	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	46
9	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	47

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

10	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
11	SCHEDULE OF STATE REVENUE	49
12	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS – SPLOST IV	50
13	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS – SPLOST V	51

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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*

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

SECTION I

FINANCIAL

(This page left intentionally blank)

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 24, 2019

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

INDEPENDENT AUDITOR'S REPORT

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 (School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

(This page left intentionally blank)

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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 and 14 to the financial statements, in 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017*. The School District restated beginning net position for the effect of GASB Statement No. 75. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

(This page left intentionally blank)

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The discussion and analysis 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, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- ✓ The School District's financial status remained stable during fiscal year 2018. In total, net position increased $2.8 million which represents an increase from fiscal year 2017. This total increase was due to governmental activities since the School District has no business-type activities.

- ✓ General revenues accounted for $17.0 million or 42.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $23.5 million or 58.0% of total revenues. Total revenues were $40.6 million.

- ✓ The School District had $37.7 million in expenses related to governmental activities; these expenses were offset by $23.5 million in program specific charges for services, grants or contributions. General revenues and taxes of $17.0 million was also provided for these programs.

- ✓ Among major funds, the General Fund had $35.6 million in revenues and $34.7 million in expenditures. The General Fund's fund balance increased from $10.0 million to $10.9 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 Butts County Board of Education 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 Butts County Board of Education, the General Fund is by far the most significant fund.

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 2018?" 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.

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 2018, compared to fiscal year 2017.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Current and other assets	$ 23,263,641	$ 27,345,942
Capital assets	68,032,740	61,182,675
Total assets	91,296,381	88,528,617
Deferred outflows of resources - pensions	5,657,388	7,661,721
Long-term liabilities outstanding	62,964,373	41,933,612
Other liabilities	6,113,664	4,357,130
Total liabilities	69,078,037	46,290,742
Deferred inflows of resources - pensions	4,028,420	1,657,182
Net position:		
Net investment in capital assets	59,944,206	59,410,175
Restricted	5,492,794	4,239,548
Unrestricted	(41,589,688)	(15,407,309)
Total net position	$ 23,847,312	$ 48,242,414

The amounts in Table 1 above for 2017, do not reflect the restatement of net position as described in Note 14. After the restatement, ending net position as of June 30, 2017, was decreased by $27,239,792 to $21,002,622.

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017. The total net position increased $2,844,690, for fiscal year 2018, compared to a $2,458,663 increase for fiscal year 2017. The increase in net position was due to conservation projection of local tax revenue and conservative spending, part of which included employee raises and the corresponding increases in benefits.

Table 2
Changes in Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Revenues		
Program revenues:		
Charges for services	$ 653,616	$ 542,637
Operating grants and contributions	21,854,176	21,093,446
Capital grants and contributions	1,027,586	77,216
General revenues:		
Property taxes		
For maintenance and operations	10,999,709	10,788,732
Sales taxes	3,951,041	3,940,555
Other taxes	184,378	168,011
Grant and contributions not restricted to specific programs	1,438,395	1,267,990
Investment income	30,041	15,403
Miscellaneous	436,260	670,052
Total revenues	40,575,202	38,564,042
Expenses		
Instruction	22,201,073	21,701,819
Support services		
Pupil services	2,176,108	1,895,037
Improvement of instructional services	1,523,342	1,604,964
Educational media services	489,833	505,947
General administration	1,042,062	1,016,058
School administration	2,603,403	2,152,332
Business administration	341,756	237,820
Maintenance and operations	2,114,752	1,993,530
Student transportation	2,209,691	1,997,189
Central support services	228,069	163,539
Other support services	103,967	111,328
Operations of noninstructional services		
School nutrition	2,499,322	2,482,174
Enterprise operations	35,826	37,242
Interest on long-term debt	161,308	206,400
Total expenses	37,730,512	36,105,379
Increase in net position	2,844,690	2,458,663
Net position, beginning of year	21,002,622	45,783,751
Net position, end of year	$ 23,847,312	$ 48,242,414

The amounts in Table 2 above for 2017, do not reflect the restatement of net position as described in Note 14. After the restatement, ending net position as of June 30, 2017, was decreased by $27,239,792 to $21,002,622.

Governmental Activities

Instruction comprises 58.8% 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 2017, is also presented.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2017
Instruction	$ 22,201,073	$ 21,701,819	$ (5,851,099)	$ (6,906,369)
Support services				
Pupil services	2,176,108	1,895,037	(1,630,553)	(1,583,388)
Improvement of instructional services	1,523,342	1,604,964	(909,410)	(881,522)
Educational media services	489,833	505,947	(53,224)	(88,054)
General administration	1,042,062	1,016,058	(380,878)	(441,675)
School administration	2,603,403	2,152,332	(1,654,376)	(1,282,422)
Business services	341,756	237,820	(341,756)	(237,820)
Maintenance and operations	2,114,752	1,993,530	(1,115,134)	(993,766)
Student transportation	2,209,691	1,997,189	(1,646,769)	(1,423,124)
Central support services	228,069	163,539	(219,694)	(153,844)
Other support services	103,967	111,328	(103,767)	(111,053)
School nutrition	2,499,322	2,482,174	(35,826)	(37,242)
Enterprise operations	35,826	37,242	(91,340)	(45,401)
Interest on long-term debt	161,308	206,400	(161,308)	(206,400)
Total expenses	$ 37,730,512	$ 36,105,379	$ (14,195,134)	$ (14,392,080)

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 26.4% of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 37.6%.

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 $42.3 million and expenditures and other financing uses of $48.1 million. There was a decrease in fund balance of approximately $6.7 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 $920 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 $33.2 million to $34.5 million, while budgeted expenditures increased from $34.6 million to $35.6 million. Budgeted revenues increased due to the tenacious tax collecting efforts of the Butts County Tax Commissioner. Other local revenue was budget 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 2018, the School District had $68.0 million invested in capital assets, all in governmental activities. Table 4 indicates balances at June 30, 2018. Capital asset comparisons to fiscal year 2017, are also included.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Land	$ 1,972,342	$ 1,972,342
Construction in progress	9,144,535	916,020
Land improvements	412,564	394,777
Buildings and improvements	55,148,616	56,634,380
Equipment	1,354,683	1,265,156
Total	$ 68,032,740	$ 61,182,675

Capital assets increased due to several capital projects being completed during the current year including the Jackson High School renovation and the athletic complex.

Debt

Long-Term Liabilities

At fiscal year ended June 30, 2018, the School District had $62.96 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, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 10,100,000	$ -	$ (1,600,000)	$ 8,500,000	$ 1,515,000
Bond Premium	633,764	-	(134,330)	499,434	119,864
Net Pension Liability	31,199,848	3,253,330	(6,786,673)	27,666,505	-
Net OPEB Liability	28,215,750	1,464,161	(3,381,477)	26,298,434	-
Governmental activities Long-term liabilities	$ 70,149,362	$ 4,717,491	$ (11,902,480)	$ 62,964,373	$ 1,634,864

Current Issues

The Butts County Board of Education's current operating millage rate is 17.764 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.

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 19,053,625
Investments	5,816
Receivables:	
Taxes	981,218
Intergovernmental:	
State	2,568,682
Federal	592,382
Other	27,106
Inventory	30,480
Prepaid items	4,332
Capital assets (nondepreciable)	11,116,877
Capital assets (net of accumulated depreciation)	56,915,863
Total assets	91,296,381
DEFERRED OUTFLOWS	
Related to pension plans	4,657,572
Related to OPEB plan	999,816
Total deferred outflows	5,657,388
LIABILITIES	
Accounts payable	511,493
Salaries and benefits payable	3,730,420
Contracts payable	1,060,016
Accrued interest payable	96,483
Retainage payable	483,592
Unearned revenue	231,660
Bonds payable due within one year	1,634,864
Bonds payable due in more than one year	7,364,570
Net pension liability	27,666,505
Net OPEB liability	26,298,434
Total liabilities	69,078,037
DEFERRED INFLOWS	
Related to pension plans	1,622,901
Related to OPEB plan	2,405,519
Total deferred inflows	4,028,420
NET POSITION	
Net investment in capital assets	59,944,206
Restricted for:	
Continuation of federal programs	596,539
Capital projects	3,333,013
Debt service	1,563,242
Unrestricted	(41,589,688)
Total net position	$ 23,847,312

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "B"

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 22,201,073	$ 436,516	$ 14,973,116	$ 940,342	$ (5,851,099)
Support services:					
Pupil services	2,176,108	154,171	391,384	-	(1,630,553)
Improvement of instructional services	1,523,342	-	613,932	-	(909,410)
Educational media services	489,833	-	436,609	-	(53,224)
General administration	1,042,062	-	661,184	-	(380,878)
School administration	2,603,403	-	949,027	-	(1,654,376)
Business administration	341,756	-	-	-	(341,756)
Maintenance and operation of plant	2,114,752	-	999,618	-	(1,115,134)
Student transportation services	2,209,691	-	485,602	77,320	(1,646,769)
Central support services	228,069	-	8,375	-	(219,694)
Other support services	103,967	-	200	-	(103,767)
Enterprise operations	35,826	-	-	-	(35,826)
Food service operations	2,499,322	62,929	2,335,129	9,924	(91,340)
Interest on long-term debt	161,308	-	-	-	(161,308)
Total governmental activities	$ 37,730,512	$ 653,616	$ 21,854,176	$ 1,027,586	(14,195,134)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					10,999,709
Sales taxes, levied for capital projects					3,951,041
Intangible taxes					112,699
Transfer taxes					48,165
Railroad equipment tax					23,514
Grants and contributions not restricted to specific programs					1,438,395
Unrestricted investment earnings					30,041
Miscellaneous					436,260
Total general revenues					17,039,824
Change in net position					2,844,690
Net position, beginning of year, as restated					21,002,622
Net position, end of year					$ 23,847,312

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 11,648,994	$ 7,404,631	$ -	$ 19,053,625
Investments	5,816	-	-	5,816
Receivables:				
Taxes	622,953	358,265	-	981,218
Intergovernmental:				
State	2,568,682	-	-	2,568,682
Federal	592,382	-	-	592,382
Other	27,106	-	-	27,106
Prepaid items	4,332	-	-	4,332
Inventory	30,480	-	-	30,480
Total assets	$ 15,500,745	$ 7,762,896	$ -	$ 23,263,641
LIABILITIES, DEFERRED OUTFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 195,843	$ 315,650	$ -	$ 511,493
Salaries and benefits payable	3,730,420	-	-	3,730,420
Contracts payable	-	1,060,016	-	1,060,016
Retainage payable	-	483,592	-	483,592
Unearned revenue	231,660	-	-	231,660
Total liabilities	4,157,923	1,859,258	-	6,017,181
DEFERRED INFLOWS				
Unavailable revenue - property taxes	453,948	-	-	453,948
FUND BALANCES				
Nonspendable:				
Inventory	30,480	-	-	30,480
Prepaid items	4,332	-	-	4,332
Restricted for:				
Federal programs	566,059	-	-	566,059
Debt service	-	1,659,725	-	1,659,725
Capital projects	-	4,243,913	-	4,243,913
Assigned for:				
Student activities	347,073	-	-	347,073
Subsequent year's budget	1,326,408	-	-	1,326,408
Unassigned	8,614,522	-	-	8,614,522
Total fund balances	10,888,874	5,903,638	-	16,792,512
Total liabilities, deferred inflows, and fund balances	$ 15,500,745	$ 7,762,896	$ -	

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	$ 93,668,198	
	Less accumulated depreciation	(25,635,458)	68,032,740
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.			
	Property taxes		453,948
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds	$ (8,500,000)	
	Bond premium	(499,434)	
	Accrued interest	(96,483)	
	Pensions - deferred outflows	4,657,572	
	Pensions - deferred inflows	(1,622,901)	
	Net pension liability	(27,666,505)	
	OPEB - deferred outflows	999,816	
	OPEB - deferred inflows	(2,405,519)	
	Net OPEB liability	(26,298,434)	(61,431,888)
Net position of governmental activities			$ 23,847,312

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "D"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 10,959,191	$ -	$ -	$ 10,959,191
Sales taxes	160,864	3,951,041	-	4,111,905
Other taxes	23,514	-	-	23,514
State funds	19,218,795	940,342	-	20,159,137
Federal funds	4,133,467	-	-	4,133,467
Charges for services	653,616	-	-	653,616
Investment earnings	10,266	19,775	-	30,041
Miscellaneous	436,260	-	-	436,260
Total revenues	35,595,973	4,911,158	-	40,507,131
EXPENDITURES				
Current:				
Instruction	20,019,337	779,568	-	20,798,905
Support services:				
Pupil services	2,148,880	36,278	-	2,185,158
Improvement of instructional services	1,396,347	138,553	-	1,534,900
Educational media services	492,672	-	-	492,672
General administration	1,009,978	41,166	-	1,051,144
School administration	2,595,953	7,704	-	2,603,657
Business administration	319,709	24,799	-	344,508
Maintenance and operation of plant	1,958,021	175,485	-	2,133,506
Student transportation services	1,990,065	197,166	-	2,187,231
Central support services	223,280	3,244	-	226,524
Other support services	103,979	-	-	103,979
Enterprise operations	35,826	-	-	35,826
Food services operations	2,384,680	-	-	2,384,680
Capital outlay	-	8,408,156	-	8,408,156
Debt service:				
Principal retirement	-	-	1,600,000	1,600,000
Interest and fees	-	-	216,203	216,203
Total expenditures	34,678,727	9,812,119	1,816,203	46,307,049
Excess (deficiency) of revenues over (under) expenditures	917,246	(4,900,961)	(1,816,203)	(5,799,918)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,816,203	1,816,203
Transfers out	-	(1,816,203)	-	(1,816,203)
Total other financing sources (uses)	-	(1,816,203)	1,816,203	-
Net change in fund balances	917,246	(6,717,164)	-	(5,799,918)
FUND BALANCE, beginning of year	9,971,628	12,620,802	-	22,592,430
FUND BALANCE, end of year	$ 10,888,874	$ 5,903,638	$ -	$ 16,792,512

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "E"

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, 2018

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

Net change in fund balances - total governmental funds		$ (5,799,918)

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	$	8,628,088	
Depreciation expense		(1,778,023)	6,850,065

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

Property taxes		40,518

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	$	1,600,000	
Bond premium amortization		134,330	
Adjustment to record pension expense and related revenue for pension special funding situation, net of fund level amounts		27,553	
Change in net pension liability and deferred inflows and outflows related to pension activity		535,922	
Change in net OPEB pension liability and deferred inflows and outflows related to OPEB activity		(464,345)	1,833,460

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		(79,435)
	$	2,844,690

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "F"

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
ASSETS	
Cash	$ 124,368
LIABILITIES	
Funds held for others	$ 124,368

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

(This page left intentionally blank)

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Butts County Board of Education ("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 Butts County Board of Education. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-Wide Statements

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

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

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.
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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Statements (Continued)

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 Investment 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.

- 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide governmental 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. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, 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.

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

In fiscal year 2018, the School District adopted GASB Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). The adoption of this statement does not have a significant impact on the School District's financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Composition of Deposits – Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A) Section 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 Section 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 nonparticipating 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.

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.

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.

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or governmental funds balance sheet 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 net position and/or governmental funds balance sheet 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

OPEB

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

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 – Amounts that are not in spendable form (e.g., inventory and prepaid items) or are legally, or contractually required to be maintained intact (e.g., permanent fund principal).

Restricted – Constraints placed on the use of resources are either: (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Committed – Amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. The Board of Education 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.

Assigned – Amounts that are 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 of Education, or (2) the budget or finance committee, the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – Amounts within the General Fund not meeting the definition of any aforementioned category. The General Fund is the only fund that reports positive unassigned fund balance. 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 2017 tax digest year (calendar year) on July 6, 2017 (levy date), based on property values as of January 1, 2017. Taxes were due on December 7, 2017 (lien date) and could be paid in two installments on September 24, 2017 and December 7, 2017. Taxes collected within the current fiscal year or within 60 days after year-end on the 2017 tax digest are reported as revenue in the governmental funds for fiscal year 2018. 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2018, for maintenance and operations amounted to $10,051,720.

The tax millage rate levied for the 2017 tax year (calendar year) for the Butts County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	17.764 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $907,471 during the fiscal year ended June 30, 2018.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $3,951,041 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 Official Code of Georgia Annotated (OCGA) Section 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.

Note 4: DEPOSITS AND INVESTMENTS

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

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

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

Categorization of Deposits – Custodial credit risk is the risk that in the event of 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, 2018, the School District had deposits with a carrying amount of $19,183,809 which includes $5,816 in a Certificate of Deposit that is reported as Investments and bank balances of $20,574,175. The bank balances insured by Federal depository insurance were $605,924.

The amounts exposed to custodial credit risk are classified into three categories as follows:

Category 1 - Uncollateralized,
Category 2 - Cash collateralized with securities held by the pledging financial institution, or
Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

Note 4: DEPOSITS AND INVESTMENTS (CONTINUED)

The School District's deposits by custodial credit risk category at June 30, 2018, are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ -
2	6,690,295
3	13,277,956
	$ 19,968,251

Categorization of Investments

At June 30, 2018, the School District had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	July 27, 2018	$ 5,816

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.

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.**

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
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 1,972,342	$ -	$ -	$ -	$ 1,972,342
Construction in progress	916,020	8,228,515	-	-	9,144,535
Total	2,888,362	8,228,515	-	-	11,116,877
Capital assets, being depreciated:					
Buildings and improvements	75,287,356	-	-	-	75,287,356
Equipment	5,674,418	341,105	(6,364)	-	6,009,159
Land improvements	1,196,338	58,468	-	-	1,254,806
Total	82,158,112	399,573	(6,364)	-	82,551,321
Less accumulated depreciation for:					
Buildings and improvements	(18,652,976)	(1,485,764)	-	-	(20,138,740)
Equipment	(4,409,262)	(251,578)	6,364	-	(4,654,476)
Land improvements	(801,561)	(40,681)	-	-	(842,242)
Total	(23,863,799)	(1,778,023)	6,364	-	(25,635,458)
Total capital assets, being depreciated, net	58,294,313	(1,378,450)	-	-	56,915,863
Governmental activities capital assets, net	$ 61,182,675	$ 6,850,065	$ -	$ -	$ 68,032,740

Current year depreciation expense by function is as follows:

Instruction		$ 1,444,690
Support Services		
General Administration	$ 13,896	
School Administration	15,837	
Maintenance and Operations	33,828	
Student Transportation	158,518	222,079
Food Services		111,254
Total Depreciation Expense		$ 1,778,023

Note 7: INTERFUND TRANSFERS

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

Transfers To	Transfers From Capital Projects
Debt Service Fund	$ 1,816,203

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

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; acts of God and unemployment compensation.

The School District participates in the Georgia School Boards Association Risk and Insurance Management 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.

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.

Note 8: RISK MANAGEMENT (CONTINUED)

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2018	$ -	$ 5,621	$ (5,621)	$ -
2017	$ -	$ 5,464	$ (5,464)	$ -

The School District participates in the Georgia School Boards Association Workers' Compensation 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 $550,000 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 $550,000 loss per occurrence, up to $2 million. In addition to the $550,000 per occurrence retention, the Fund also retains an additional $150,000 per year corridor retention.

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

Position Covered	Amount
Superintendent	$ 100,000

Note 9: LONG–TERM LIABILITIES

Changes in Long-term Liabilities

The changes in long-term debt during the fiscal year ended June 30, 2018, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds	$ 10,100,000	$ -	$ (1,600,000)	$ 8,500,000	$ 1,515,000
Bond Premiums Amortized	633,764	-	(134,330)	499,434	119,864
Net Pension Liability	31,199,848	3,253,330	(6,786,673)	27,666,505	-
Net OPEB Liability	28,215,750	1,464,161	(3,381,477)	26,298,434	-
Total	$ 70,149,362	$ 4,717,491	$ (11,902,480)	$ 62,964,373	$ 1,634,864

Note 9: LONG–TERM LIABILITIES (CONTINUED)

General Obligation Bonds Outstanding

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:

Purpose	Interest Rates	Amount
General Government - Series 2017	3.0% - 4.0%	$ 8,500,000

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:

	General Obligation Bonds		
Fiscal Year Ended June 30:	Principal	Interest	Premium
2019	$ 1,515,000	$ 266,725	$ 119,864
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	1,525,000	30,500	19,978
Total Principal and Interest	$ 8,500,000	$ 779,775	$ 499,434

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 Section 20-2-875 of the Official Code of Georgia Annotated (OCGA) 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 (Board). Title 20 of the OCGA 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 $992,125 for the year ended June 30, 2018. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2018, the School District reported a liability of $26,298,434 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017, was determined using standard roll-forward techniques.

Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the School District's proportion was 0.187178%, which was a decrease of 0.003208% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of $1,456,470. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 2,002,558
Net difference between projected and actual earnings on pension plan investments	7,691	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	402,961
School District contributions subsequent to the measurement date	992,125	-
Total	$ 999,816	$ 2,405,519

School District contributions subsequent to the measurement date of $992,125 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	OPEB
2019	$ (430,725)
2020	$ (430,725)
2021	$ (430,725)
2022	$ (430,725)
2023	$ (432,648)
2024	$ (242,280)

Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Actuarial assumptions: The total OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

OPEB:

Inflation	2.75%
Salary increases	
ERS	3.25% – 7.00%, average, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 — 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

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

- For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back seven years for males and set forward three years for females is used for the period after disability retirement.
- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB and 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 and set forward two years for males and four years for females is used for death after disability retirement.

Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB and 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 and set forward five years for both males and females is used for the period after disability retirement.

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

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Rate of Return*
Local Government Investment Pool	100.00%	1.13%

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

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

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
School District's proportionate share of the collective net OPEB liability	$ 31,224,679	$ 26,298,434	$ 22,410,628

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	$ 21,798,406	$ 26,298,434	$ 32,157,464

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 Section 47-3-60 of the Official Code of Georgia Annotated (OCGA) and certain other support personnel as defined by Section 47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the OCGA assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided. TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Eligibility for disability and death benefits requires 10 years of service. 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 OCGA, contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to OCGA Section 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 2018. The School District's contractually required contribution rate for the year ended June 30, 2018, was 16.81% of annual School District payroll, of which 16.67% of payroll was required from the School District and 0.14% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $3,010,560 and $24,938 from the School District and the State, respectively.

Employees' Retirement System

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 OCGA 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.html.

Note 12: RETIREMENT PLANS (CONTINUED)

Employees' Retirement System (Continued)

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.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 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, 2018, was 24.81% of annual covered payroll for Old and New Plan members and 21.81% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.69% of annual covered payroll for Old and New Plan members and 21.69% for GSEPS members plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired State employees. Employer contributions to the pension plan were $13,779 for the current fiscal year.

Note 12: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System (PSERS)

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

Benefits Provided. A member may retire and elect to receive normal monthly retirement benefits after completion of 10 years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of 10 years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions. The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A Section 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 $73,407.

Note 12: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2018, the School District reported a liability of $27,666,505 for its proportionate share of the Net Pension Liability for TRS ($27,489,715) and ERS ($176,790).

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	$ 27,489,715
State of Georgia's proportionate share of the net pension liability associated with the School District	352,377
Total	$ 27,842,092

The net pension liability for TRS and ERS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017, was determined using standard roll-forward techniques. The School District's proportion of the Net Pension Liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2017.

At June 30, 2017, the School District's TRS proportion was 0.147911%, which was a decrease of 0.002294% from its proportion measured as of June 30, 2016. At June 30, 2017, the School District's ERS proportion was 0.004353%, which was a decrease of 0.000105% from its proportion measured as of June 30, 2016.

At June 30, 2018, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a special funding situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is $392,092.

The PSERS Net Pension Liability was measured as of June 30, 2017. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017, was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2017.

Note 12: RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2018, the School District recognized pension expense of $2,449,881 for TRS, $10,983 for ERS, and $79,022 for PSERS and revenue of $46,876 for TRS and $79,022 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, 2018, 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	$ 1,028,285	$ 103,743
Changes of assumptions	602,609	-
Net difference between projected and actual earnings on pension plan investments	-	189,175
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	1,326,382
School District contributions subsequent to the measurement date	3,010,560	-
Total	$ 4,641,454	$ 1,619,300

Note 12: RETIREMENT PLANS (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	$ 1,937	$ 1
Changes of assumptions	402	-
Net difference between projected and actual earnings on pension plan investments	-	440
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	3,160
School District contributions subsequent to the measurement date	13,779	-
Total	$ 16,118	$ 3,601

School District contributions subsequent to the measurement date of June 30, 2017, 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	TRS
2019	$ (742,966)
2020	1,053,513
2021	502,852
2022	(810,661)
2023	8,856

Fiscal Year Ending June 30	ERS
2019	$ (4,212)
2020	5,978
2021	1,985
2022	(5,013)
2023	-

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

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

Note 12: RETIREMENT PLANS (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 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and 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 and 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, 2016 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	7.50%, net of pension plan investment expense, including inflation

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 and 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 and 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, 2016 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 increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Note 12: RETIREMENT PLANS (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 Blue-Collar Mortality Table projected to 2025 with projection scale BB and 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 and 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on TRS, 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large stocks	39.80%	37.20%	9.00%
Domestic mid stocks	3.70%	3.40%	12.00%
Domestic small stocks	1.50%	1.40%	13.50%
International developed market stocks	19.40%	17.80%	8.00%
International emerging market stocks	5.60%	5.20%	12.00%
Alternative	-	5.00%	10.50%
Total	100.00%	100.00%	

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

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

Note 12: RETIREMENT PLANS (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%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	Teachers Retirement System		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 45,113,847	$ 27,489,715	$ 12,971,391

	Employees' Retirement System		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 249,530	$ 176,790	$ 114,740

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, 2018, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Jackson High School Renovations - Phase III	$ 370,126	$ 310,373
Athletic Paving	227,290	-
Athletic Upgrades and Secured Vestibules	277,841	-
Total	$ 875,257	$ 310,373

Note 14: PRIOR PERIOD RESTATEMENT – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2018, the School District made prior period adjustments due to the adoption of GASB Statement No. 75, as described in "New Accounting Pronouncements", which require the restatement of the June 30, 2017, net position in Governmental Activities. The result is a decrease in net position at July 1, 2017 of $27,239,792. This change is in accordance with generally accepted accounting principles.

Net position June 30, 2017, as previously reported	$	48,242,414
Deferred outflows, contributions subsequent to measurement date - OPEB		975,958
Proportionate share of Net OPEB liability		(28,215,750)
Net position June 30, 2017, as restated	$	21,002,622

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "1"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

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

Note: The measurement period for the year ended June 30, 2018 is June 30, 2017. 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

SCHEDULE "2"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2015	2016	2017	**2018**
School District's proportion of the net pension liability	0.004913%	0.004534%	0.004458%	**0.004353%**
School District's proportionate share of the net pension liability	$ 184,268	$ 183,690	$ 210,882	**$ 176,790**
School District's covered payroll	110,628	103,657	103,657	**106,767**
School District's proportionate share of the net pension liability as a percentage of its covered payroll	166.56%	177.21%	203.44%	**165.58%**
Plan fiduciary net position as a percentage of the total pension liability	77.99%	76.20%	72.34%	**76.33%**

Note: The measurement period for the year ended June 30, 2018 is June 30, 2017. 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

SCHEDULE "3"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

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

Note: The measurement period for the year ended June 30, 2018 is June 30, 2017. 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

SCHEDULE "4"

SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

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

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

SCHEDULE "5"

SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

SCHEDULE "6"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

		2018
School District's proportion of the net OPEB Liability		**0.187178%**
School District's proportionate share of the net pension liability	**$**	**26,298,434**
School District's covered-employee payroll	**$**	**15,424,337**
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		**170.50%**
Plan fiduciary net position as a percentage of the total pension liability		**1.61%**

Note: The measurement period for the year ended June 30, 2018 is June 30, 2017. 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

SCHEDULE "7"

SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017	**2018**
Contractually required contribution	$ 975,958	**$ 992,125**
Contributions in relation to the contractually required contribution	$ 975,958	**$ 992,125**
Contribution deficiency (excess)	$ -	**$ -**
School District's covered-employee payroll	$ 15,424,337	**$ 16,325,800**
Contributions as a percentage of covered-employee payroll	6.33%	**6.08%**

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

SCHEDULE "8"

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Teachers Retirement System

Changes of assumptions:

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

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

Public School Employees Retirement System

Changes of assumptions:

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

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

Employees' Retirement System

Changes of assumptions:

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

School OPEB

Changes in benefit terms:

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

Changes of assumptions:

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

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

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

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "9"

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original(1)	Final(1)	Actual	Final Budget
REVENUES				
Property taxes	$ 10,600,000	$ 10,600,000	$ 10,959,191	$ 359,191
Sales taxes	100,000	100,000	160,864	60,864
Other taxes	-	-	23,514	23,514
State funds	18,410,611	18,676,413	19,218,795	542,382
Federal funds	3,875,686	4,862,029	4,133,467	(728,562)
Charges for services	68,971	68,971	653,616	584,645
Investment earnings	500	500	10,266	9,766
Miscellaneous	149,660	149,660	436,260	286,600
Total revenues	33,205,428	34,457,573	35,595,973	1,138,400
EXPENDITURES				
Current:				
Instruction	20,268,165	21,093,534	20,019,337	1,074,197
Support services:				
Pupil services	1,912,783	2,191,957	2,148,880	43,077
Improvement of instructional services	1,554,432	1,477,999	1,396,347	81,652
Educational media services	481,853	481,865	492,672	(10,807)
General administration	993,033	1,031,802	1,009,978	21,824
School administration	2,645,727	2,647,355	2,595,953	51,402
Business administration	347,976	353,976	319,709	34,267
Maintenance and operation of plant	1,964,693	1,963,193	1,958,021	5,172
Student transportation services	1,813,863	1,834,151	1,990,065	(155,914)
Central support services	196,163	196,163	223,280	(27,117)
Other support services	59,502	59,502	103,979	(44,477)
Enterprise operations	-	-	35,826	(35,826)
Food services operations	2,310,486	2,310,486	2,384,680	(74,194)
Total expenditures	34,548,676	35,641,983	34,678,727	963,256
Net change in fund balance	(1,343,248)	(1,184,410)	917,246	2,101,656
FUND BALANCE, beginning of year	9,971,628	9,971,628	9,971,628	-
FUND BALANCE, end of year	$ 8,628,380	$ 8,787,218	$ 10,888,874	$ 2,101,656

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

(1) Original and Final Budget amounts do not include budgeted revenues ($576,803) or expenditures ($455,201) of the various school activity

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, which is the basis of accounting used in the presentation of the fund financial statements.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "10"

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	18185GA324N1099	$ 567,894
National School Lunch Program	10.555	18185GA324N1100	1,637,988
Total Child Nutrition Cluster			2,205,882
Other programs			
Child Nutrition Discretionary Grants - Limited Availability	10.579	16163GA350N8103	9,924
Fresh Fruits and Vegetables	10.582	16145GA324L1603	83,623
State Administrative Expenses for Child Nutrition	10.560	18185GA904N2533	4,794
Total Other Programs			98,341
Total U.S. Department of Agriculture			2,304,223
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027	H027A160073	286,132
Grants to States	84.027	H027A170073	434,104
Preschool Grants	84.173	H173A160081	1,900
Preschool Grants	84.173	H173A170081	22,519
Total Special Education Cluster			744,655
Other Programs			
Title I, Grants to Local Educational Agencies	84.010	S010A1650010	105,755
Title I, Grants to Local Educational Agencies	84.010	S010A170010	841,578
Supporting Effective Instruction State Grants	84.367	S367A160001	42,370
Supporting Effective Instruction State Grants	84.367	S367A170001	21,236
Career and Technical Education - Basic Grants to States	84.048	V048A160010	2,004
Career and Technical Education - Basic Grants to States	84.048	V048A170010	38,312
Student Support and Academic Enrichment	84.424A	S424A170011	16,277
Total Other Programs			1,067,532
Total U. S. Department of Education			1,812,187
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	79,056
Total Expenditures of Federal Awards			$ 4,195,466

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

The Board did not provide Federal Assistance to any Subrecipient.

Note 1: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Butts County Board of Education under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does present the financial position or changes in financial position of the Board.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "11"

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Agency/Funding	Governmental Fund Types: General Fund	Governmental Fund Types: Capital Projects Fund	Total
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 662,567	$ -	$ 662,567
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,055,297	-	1,055,297
Kindergarten Program - Early Intervention Program	242,137	-	242,137
Primary Grades (1-3) Program	2,396,822	-	2,396,822
Primary Grades - Early Intervention (1-3) Program	437,047	-	437,047
Upper Elementary Grades (4-5) Program	1,183,205	-	1,183,205
Upper Elementary Grades - Early Intervention (4-5) Program	251,690	-	251,690
Middle School (6-8) Program	2,210,214	-	2,210,214
High School General Education (9-12) Program	1,796,592	-	1,796,592
Career Technical and Agricultural Education Program 9-12	606,274	-	606,274
Students with Disabilities	2,468,418	-	2,468,418
Program for Intellectually Gifted Students - Category VI	785,827	-	785,827
Remedial Education Program	193,263	-	193,263
Alternative Education Program	153,767	-	153,767
English Speakers of Other Languages (ESOL)	34,548	-	34,548
Media Center Program	374,225	-	374,225
20 Days Additional Instruction	114,651	-	114,651
Staff and Professional Development	63,358	-	63,358
Principal Staff and Professional Development	1,308	-	1,308
Indirect Cost			
Central Administration	549,986	-	549,986
School Administration	768,220	-	768,220
Facility Maintenance and Operations	846,017	-	846,017
Categorical Grants			
Pupil Transportation			
Pupil Transportation	407,009	-	407,009
State Bonds	77,320	-	77,320
Nursing Services	67,112	-	67,112
Vocational Supervisors	16,502	-	16,502
Education Equalization Funding Grant	1,438,395	-	1,438,395
Food Services	60,642	-	60,642
Vocational Education	48,262	-	48,262
Amended Formula Adjustment	(271,863)	-	(271,863)
Other State Programs			
Math and Science Supplements	34,987	-	34,987
Preschool Handicapped Program	46,144	-	46,144
Teacher of the Year	507	-	507
Teachers Retirement	24,938	-	24,938
Georgia State Financing and Investment Commission			
Reimbursement for Construction Projects	-	940,342	940,342
Office of the State Treasurer			
Public School Employees Retirement	73,407	-	73,407
	$ 19,218,795	$ 940,342	$ 20,159,137

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

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "12"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)(4)(5)	Expended In Prior Years (3)(5)	Total Completion Cost	Estimated Completion Date
Rehabilitating, repairing, renovating, extending and improving Jackson High School.	$ 19,246,252	$ 19,246,252	$ 3,579,226	$ 15,196,109	$ -	2019
Rehabilitating, repairing, renovating, extending and improving Henderson Middle School.	884,398	884,398	-	657,664	-	2019
Rehabilitating, repairing, renovating, extending improving Daughtry Elementary School.	390,180	433,720	-	433,720	-	2019
Rehabilitating, repairing, renovating, extending and improving Jackson Elementary School.	257,500	404,209	-	404,209	-	2019
Rehabilitating, repairing, renovating, extending and improving Stark Elementary School.	308,608	308,608	-	254,144	-	2019
Acquisition of school buses, vehicles and transportation and maintenance equipment.	530,000	956,323	107,523	848,800	-	2019
Renovating or adding to existing administrative facilities.	27,572	385,835	-	385,835	-	2019
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, safety and security equipment; acquisition of music, vocational and physical education/athletic equipment; acquiring textbooks; planning for new School District site development and site acquisition, acquiring any necessary property, both real and personal; and paying costs incident to accomplishing	3,355,490	3,355,490	297,615	1,181,766	-	2023
	$ 25,000,000	$ 25,974,835	$ 3,984,364	$ 19,362,247	$ -	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Butts County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projec may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.

(4) As of June 30, 2018, 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	$ 661,583
Current Year	16,000
	$ 677,583

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE "13"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST V
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)(4)(5)	Expended In Prior Years (3)(4)(5)	Total Completion Cost	Estimated Completion Date
Rehabilitating, repairing, renovating, extending and improving Jackson High School.	$ 12,350,000	$ 12,350,000	$ 4,294,156	$ -	$ -	2022
Rehabilitating, repairing, renovating, extending and improving Henderson Middle School.	2,500,000	2,500,000	13,376	-	-	2022
Rehabilitating, repairing, renovating, extending improving Daughtry Elementary School.	200,000	200,000	2,955	-	-	2022
Rehabilitating, repairing, renovating, extending and improving Jackson Elementary School.	200,000	200,000	2,955	-	-	2022
Rehabilitating, repairing, renovating, extending and improving Stark Elementary School.	200,000	200,000	2,955	-	-	2022
Acquisition of school buses, vehicles and transportation and maintenance equipment.	550,000	550,000	87,728	-	-	2022
Renovating or adding to existing administrative facilities.	300,000	300,000	-	-	-	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	1,423,630	-	-	2022
	$ 21,300,000	$ 21,300,000	$ 5,827,755	$ -	$ -	

(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 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, 2018, 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	$ -
Current Year	200,203
	$ 200,203

(This page left intentionally blank)

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

(This page left intentionally blank)

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 24, 2019

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

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butts County Board of Education (School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated June 24, 2019.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(This page left intentionally blank)

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

(This page left intentionally blank)

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 24, 2019

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

(This page left intentionally blank)

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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.

Respectfully submitted,



Greg S. Griffin
State Auditor

(This page left intentionally blank)

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

(This page left intentionally blank)

SECTION IV

FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

BUTTS COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.