BUTTS COUNTY
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

BUTTS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	DISTRICT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	3
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	4
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	5
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	6
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	7
H	NOTES TO THE BASIC FINANCIAL STATEMENTS	8
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	29
	SUPPLEMENTARY INFORMATION	
2	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	30
3	SCHEDULE OF STATE REVENUE	31
4	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	32
5	ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM	33

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BUTTS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

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SECTION I

FINANCIAL

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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

February 12, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Butts County Board of Education

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

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 (Exhibits A through H) of the Butts County Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic 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 Butts County Board of Education, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2014 the Butts County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The School District restated beginning Net Position for the cumulative effect of this accounting change. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 29 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 regarding 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Butts County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 2 through 5, 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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of the Butts County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Butts County Board of Education'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

GSG:er
2014ARL-11

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BUTTS COUNTY BOARD OF EDUCATION

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BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 10,841,123
Investments	105,715
Receivables:	
Taxes	1,251,717
Intergovernmental:	
State	1,947,081
Federal	627,654
Interest	82
Other	23,937
Inventory	63,913
Prepaid items	3,826
Capital assets (nondepreciable)	7,605,630
Capital assets (net of accumulated depreciation)	50,600,975
Total assets	73,071,653
LIABILITIES	
Accounts payable	163,056
Salaries and benefits payable	2,784,508
Contracts payable	17,396
Accrued interest payable	55,333
Retainage payable	284,256
Unearned revenue	9,544
Bonds payable due within one year	1,536,795
Bonds payable due in more than one year	4,838,056
Total liabilities	9,688,944
NET POSITION	
Net investment in capital assets	51,831,754
Restricted for:	
Continuation of federal programs	349,546
Capital projects	1,487,671
Debt service	1,477,667
Unrestricted	8,236,071
Total net position	$ 63,382,709

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

BUTTS COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$ 18,675,209	$ 354,747	$ 11,823,332	$ -	$ (6,497,130)
Support services:					
Pupil services	1,565,094	116,607	185,649	-	(1,262,838)
Improvement of instructional services	1,178,142	-	703,778	-	(474,364)
Educational media services	433,726	-	428,433	-	(5,293)
General administration	918,315	-	581,189	-	(337,126)
School administration	1,756,548	-	862,539	-	(894,009)
Business administration	255,555	-	-	-	(255,555)
Maintenance and operation of plant	1,990,559	-	1,047,210	-	(943,349)
Student transportation services	1,854,433	-	443,498	77,220	(1,333,715)
Central support services	144,680	-	4,841	-	(139,839)
Other support services	103,306	-	28,452	-	(74,854)
Enterprise operations	5,806	-	-	-	(5,806)
Food service operations	2,091,962	42,836	1,839,157	-	(209,969)
Interest on long-term debt	84,256	-	-	-	(84,256)
Total governmental activities	31,057,591	514,190	17,948,078	77,220	(12,518,103)

General revenues:	
Taxes:	
Property taxes, levied for maintenance and operations	10,968,857
Sales taxes, levied for capital projects	3,772,589
Intangible taxes	76,031
Transfer taxes	20,195
Railroad equipment tax	17,920
Grants and contributions not restricted to specific programs	165,200
Unrestricted investment earnings	15,941
Miscellaneous	538,075
Total general revenues	15,574,808
Change in net position	3,056,705
Net position, beginning of year, as restated	60,326,004
Net position, end of year	$ 63,382,709

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

BUTTS COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 7,861,463	$ 2,979,660	$ -	$ 10,841,123
Investments	105,715	-	-	105,715
Receivables:				
Taxes	931,958	319,759	-	1,251,717
Intergovernmental:				
State	1,947,081	-	-	1,947,081
Federal	627,654	-	-	627,654
Interest	82	-	-	82
Other	23,937	-	-	23,937
Prepaid items	3,826	-	-	3,826
Inventory	63,913	-	-	63,913
Total assets	$ 11,565,629	$ 3,299,419	$ -	$ 14,865,048
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 130,627	$ 32,429	$ -	$ 163,056
Salaries and benefits payable	2,784,508	-	-	2,784,508
Contracts payable	-	17,396	-	17,396
Retainage payable	-	284,256	-	284,256
Unearned revenue	9,544	-	-	9,544
Total liabilities	2,924,679	334,081	-	3,258,760
DEFERRED INFLOWS				
Unavailable revenue - property taxes	443,300	-	-	443,300
Unavailable revenue - grants	431	-	-	431
Total deferred inflows	443,731	-	-	443,731
FUND BALANCES				
Nonspendable:				
Inventory	63,913	-	-	63,913
Prepaid items	3,826	-	-	3,826
Restricted for:				
Federal programs	285,202	-	-	285,202
Capital projects	-	2,965,338	-	2,965,338
Assigned for:				
Student activities	177,372	-	-	177,372
Subsequent year's budget	1,274,139	-	-	1,274,139
Unassigned	6,392,767	-	-	6,392,767
Total fund balances	8,197,219	2,965,338	-	11,162,557
Total liabilities, deferred inflows, and fund balances	$ 11,565,629	$ 3,299,419	$ -	$ 14,865,048

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

EXHIBIT "D"

BUTTS COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 11,162,557
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. These assets consist of:		
Cost	$ 77,266,905	
Less: accumulated depreciation	-19,060,300	58,206,605
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		
Property taxes	$ 443,300	
Grants	431	443,731
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-Term Liabilities at year-end consist of:		
Bonds	$ -6,100,000	
Bond premium	-274,851	
Accrued interest	-55,333	-6,430,184
Net Position of Governmental Activities (Exhibit "A")		$ 63,382,709

The notes to the basic financial statements are an integral part of this statement.

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 11,105,927	$ -	$ -	$ 11,105,927
Sales taxes	96,226	3,772,589	-	3,868,815
Other taxes	17,920	-	-	17,920
State funds	14,574,527	-	-	14,574,527
Federal funds	3,615,540	-	-	3,615,540
Charges for services	514,190	-	-	514,190
Investment earnings	13,259	2,682	-	15,941
Miscellaneous	528,075	10,000	-	538,075
Total revenues	30,465,664	3,785,271	-	34,250,935
EXPENDITURES				
Current:				
Instruction	16,982,550	500,305	-	17,482,855
Support services:				
Pupil services	1,565,094	-	-	1,565,094
Improvement of instructional services	1,178,142	-	-	1,178,142
Educational media services	433,726	-	-	433,726
General administration	869,717	26,745	-	896,462
School administration	1,743,224	-	-	1,743,224
Business administration	255,555	-	-	255,555
Maintenance and operation of plant	1,950,606	22,987	-	1,973,593
Student transportation services	1,712,621	8,641	-	1,721,262
Central support services	144,680	-	-	144,680
Other support services	103,306	-	-	103,306
Enterprise operations	5,806	-	-	5,806
Food services operations	1,945,872	42,696	-	1,988,568
Capital outlay	-	6,440,642	-	6,440,642
Debt service:				
Principal retirement	-	-	1,400,000	1,400,000
Interest and fees	-	-	180,385	180,385
Total expenditures	28,890,899	7,042,016	1,580,385	37,513,300
Excess (deficiency) of revenues over (under) expenditures	1,574,765	(3,256,745)	(1,580,385)	(3,262,365)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,009	1,580,385	1,586,394
Transfers out	(6,009)	(1,580,385)	-	(1,586,394)
Total other financing sources (uses)	(6,009)	(1,574,376)	1,580,385	-
Net change in fund balances	1,568,756	(4,831,121)	-	(3,262,365)
FUND BALANCE, beginning of year	6,628,463	7,796,459	-	14,424,922
FUND BALANCE, end of year	$ 8,197,219	$ 2,965,338	$ -	$ 11,162,557

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "F"

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2014

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

Net change in fund balances - total governmental funds		$ (3,262,365)
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	6,575,492	
Depreciation expense	(1,614,375)	4,961,117
Net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations, etc.) is to decrease net position.		(1,537)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(137,070)	
Grants	431	(136,639)
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	1,400,000	
Bond premium	86,795	1,486,795
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		9,334
		$ 3,056,705

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

BUTTS COUNTY BOARD OF EDUCATION

EXHIBIT "G"

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	Agency Fund
ASSETS	
Cash	$ 128,009
LIABILITIES	
Funds held for others	$ 128,009

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

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

Basis of Presentation

The School District's basic financial statements are collectively comprised of the District-Wide financial statements, fund financial statements and notes to the basic financial statements of the Butts County Board of Education.

District-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 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources 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 Special Purpose Local Option Sales Tax (SPLOST) and Bond Proceeds, that are restricted, committed, or assigned to the expenditure for capital outlays, 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, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

- *Agency Funds* account for assets held by the School District as an agent for various funds, governments or individuals.

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The District-Wide governmental activities 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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 net position available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In fiscal year 2014, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this Statement establish accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As noted in Note 15, the School District restated beginning Net Position for the cumulative effect of this accounting change.

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 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 - 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. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. 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.

Funds may be invested in the following:

(1) Obligations issued by the State of Georgia or by other states,
(2) Obligations issued by the United States government,
(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
(4) Obligations of any corporation of the United States government,
(5) Prime bankers' acceptances,
(6) The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of the State Treasurer,
(7) Repurchase agreements, and
(8) Obligations of other political subdivisions of the State of Georgia.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

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.

Property Taxes

The Butts County Board of Commissioners fixed the property tax levy for the 2013 tax digest year (calendar year) on June 27, 2013 (levy date) based on property values as of January 1, 2013. Taxes were due on September 12, 2013 (lien date) and could be paid in two installments on September 12, 2013 and December 5, 2013. Taxes collected within the current fiscal year or within 60 days after year-end on the 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. The Butts County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District.

Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2014, for maintenance and operations amounted to $10,627,742.

The tax millage rate levied for the 2013 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	19.000 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amount to $478,185 during the fiscal year ended June 30, 2014.

Sales Taxes

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $3,772,589 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2014, are recorded as prepaid items.

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-Wide financial statements, all purchased capital assets are valued 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 estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. 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. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

Capitalization thresholds and estimated useful lives of capital assets reported in the District-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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets, which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets.

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which is not materially different from the effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year the bonds are issued. Premiums received on debt issuances are reported as other financial sources while discounts on bond issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Position.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and/or governmental funds balance sheet will sometimes 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. The School District did not have any items that qualified for reporting in this category for the year ended June 30, 2014.

In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The School District's Net Position in the District-Wide Statements is classified as follows:

Net Investment in Capital Assets - This represents the School District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - This represents resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted Net Position - Unrestricted net position represents resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

Fund Balances

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.

Committed – Amounts that can only be used for the specific purposes determined by a formal action of the Board. 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, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – All amounts not contained in other classifications and the residual classification of the General Fund only. Unassigned amounts are available for any legal purpose.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

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.

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 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.

Note 3: BUDGETARY DATA (CONTINUED)

See Schedule 1 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

Note 4: DEPOSITS AND INVESTMENTS

Collateralization of Deposits - Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than 10 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 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 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 percent 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 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, 2014, the School District had deposits with a carrying amount of $11,074,504, which includes $105,715 in Certificates of Deposit that are reported as Investments and bank balances of $12,729,593. The bank balances insured by Federal depository insurance were $500,000.

Note 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Categorization of Deposits (Continued)

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.

The School District's deposits by custodial credit risk category at June 30, 2014, are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ -
2	-
3	12,229,593
	$ 12,229,593

Categorization of Investments

At June 30, 2014, the School District had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	August 25, 2014	$ 100,000
Certificate of deposit	July 27, 2014	5,715
		$ 105,715

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.

Note 4: DEPOSITS AND INVESTMENTS (CONTINUED)

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	1,002,805	6,428,455	-	(1,797,972)	5,633,288
Total	2,975,147	6,428,455	-	(1,797,972)	7,605,630
Capital assets, being depreciated:					
Buildings and improvements	61,798,315	39,320	(77,477)	1,811,076	63,571,234
Equipment	4,874,653	99,355	-	(13,104)	4,960,904
Land improvements	1,120,775	8,362	-	-	1,129,137
Total	67,793,743	147,037	(77,477)	1,797,972	69,661,275
Less accumulated depreciation for:					
Buildings and improvements	(13,242,573)	(1,244,901)	75,940	-	(14,411,534)
Equipment	(3,630,103)	(333,331)	-	-	(3,963,434)
Land improvements	(649,189)	(36,143)	-	-	(685,332)
Total	(17,521,865)	(1,614,375)	75,940	-	(19,060,300)
Total capital assets, being depreciated, net	50,271,878	(1,467,338)	(1,537)	1,797,972	50,600,975
Governmental activities capital assets, net	$ 53,247,025	$ 4,961,117	$ (1,537)	$ -	$ 58,206,605

Note 6: CAPITAL ASSETS (CONTINUED)

Current year depreciation expense by function is as follows:

Instruction		$ 1,227,849
Support Services		
General Administration	$ 20,316	
School Administration	13,324	
Maintenance and Operations	16,966	
Student Transportation	213,142	263,748
Food Services		122,778
Total Depreciation Expense		$ 1,614,375

Note 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfers From	
Transfers To	General Fund	District-Wide Capital Projects
Debt Service Fund	$ -	$ 1,580,385
District-Wide Capital Projects	6,009	-
	6,009	1,580,385

Transfers are used to move sales tax revenues collected by the District-Wide Capital Projects Fund to the Debt Service Fund for payment of bond and to provide funding from the General Fund for expenditures in the District-Wide Capital Projects Fund not funded with sales tax revenues.

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.

Note 8: RISK MANAGEMENT (CONTINUED)

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.

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
2013	$ -	$ 18,732	$ (18,732)	$ -
2014	$ -	$ 44,944	$ (43,944)	$ 1,000

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 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to $2 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

General Obligation Bonds Outstanding

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2012	2.0% - 4.0%	$ 6,100,000

Note 9: LONG–TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

The changes in long-term debt during the fiscal year ended June 30, 2014, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds	$ 7,500,000	$ -	$(1,400,000)	$ 6,100,000	$ 1,450,000
Bond Premiums Amortized	361,646	-	(86,795)	274,851	86,795
Total	$ 7,861,646	$ -	$(1,486,795)	$ 6,374,851	$ 1,536,795

Scheduled Maturities of Long-Term Liabilities

At June 30, 2014, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year	General Obligation Bonds		
Ended June 30	Principal	Interest	Premium
2015	$ 1,450,000	$ 151,500	$ 86,795
2016	1,500,000	114,500	86,795
2017	1,550,000	62,000	86,795
2018	1,600,000	16,000	14,466
Total Principal and Interest	$ 6,100,000	$ 344,000	$ 274,851

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $1,539,913 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies:

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Certificated Personnel
In the amount of $1,422,228

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $27,726

Office of the State Treasurer
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $89,959

Note 10: ON-BEHALF PAYMENTS (CONTINUED)

Funds paid to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District are reported as part of the Quality Basic Education allotments on Schedule 3 – Schedule of State Revenue.

Note 11: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2014.

Project	Unearned Executed Contracts
Jackson High School Renovation - Phase 2A	$ 427,096

The amount described above is not reflected in the basic financial statements.

Note 12: 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. 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 be material to the basic financial statements.

Note 13: OTHER POST-EMPLOYMENT BENEFITS

Georgia School Personnel Employees Post-employment Health Benefit Fund

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25% of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the state provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2014:

For certificated teachers, librarians and regional educational service agencies and certain other eligible participants:

Period	Contribution Rate
July 2013 - June 2014	$945 per member per month

For non-certificated school personnel:

Period	Contribution Rate
July 2013 - June 2014	$596.20 per member per month

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

No additional contribution was required by the Board for fiscal year 2014 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

Currently the state is requiring that local Boards of Education pay only on active employees. The School District's contribution to the health insurance plans for the fiscal years ended June 30, 2014, 2013 and 2012 was $3,041,077, $2,985,202, and $2,843,185, respectively, which equaled the required contribution. Currently the State of Georgia has been making the remaining contributions to fund the pay-as-you-go financing on behalf of all local Boards of Education (see Note 10 for discussion of on-behalf payments).

Note 14: RETIREMENT PLAN

Teachers' Retirement System of Georgia (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio state employees is ultimately responsible for the administration of TRS. The Teachers' Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers' Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by state statute. A member 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. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

Note 14: RETIREMENT PLAN (CONTINUED)

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by state law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2014, were 6.00% of annual salary. Employer contributions required for fiscal year 2014 were 12.28% of annual salary as required by the June 30, 2011, actuarial valuation.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$1,963,893
2013	100%	1,901,069
2012	100%	1,710,586

Public School Employees' Retirement System (PSERS)

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employee's Retirement System of Georgia (PSERS). The PSERS is funded by contributions from employees and the State of Georgia. The School District makes no contribution to this plan. See Note 10: On-behalf Payments for information on the contributions made by the State of Georgia on behalf of the School District's employees.

Note 15: NEW ACCOUNTING PRONOUNCEMENT - RESTATEMENT

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the School District is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Governmental Activities to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position June 30, 2013, as previously reported	$ 60,442,216
Adjustment for bond issuance costs	(116,212)
Net position June 30, 2013, as restated	$ 60,326,004

Note 16: NEW ACCOUNTING PRONOUNCEMENT – SUBSEQUENT EVENT

In fiscal year 2015, the School District will adopt Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement will require the School District to record a liability for its proportionate share of the Net Pension Liability of pension plans in which it participates. Based on information provided by the Teachers' Retirement System of Georgia (TRS), the School District's proportionate share for the TRS plan's collective net pension liability is $19,802,537 at June 30, 2015.

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SCHEDULE "1"

BUTTS COUNTY BOARD OF EDUCATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original (1)	Final (1)	Actual	Final Budget
REVENUES				
Property taxes	$ 10,082,417	$ 10,082,417	$ 11,105,927	$ 1,023,510
Sales taxes	75,000	75,000	96,226	21,226
Other taxes	-	-	17,920	17,920
State funds	13,780,602	13,761,908	14,574,527	812,619
Federal funds	3,285,669	3,537,296	3,615,540	78,244
Charges for services	269,439	269,439	514,190	244,751
Investment earnings	1,000	1,000	13,259	12,259
Miscellaneous	-	-	528,075	528,075
Total revenues	27,494,127	27,727,060	30,465,664	2,738,604
EXPENDITURES				
Current:				
Instruction	17,327,090	17,459,274	16,982,550	476,724
Support services:				
Pupil services	1,094,981	1,122,381	1,565,094	(442,713)
Improvement of instructional services	1,156,824	1,240,652	1,178,142	62,510
Educational media services	432,412	432,412	433,726	(1,314)
General administration	917,459	916,459	869,717	46,742
School administration	1,802,727	1,802,727	1,743,224	59,503
Business administration	238,441	238,441	255,555	(17,114)
Maintenance and operation of plant	1,940,058	1,940,058	1,950,606	(10,548)
Student transportation services	1,704,208	1,708,408	1,712,621	(4,213)
Central support services	142,769	143,769	144,680	(911)
Other support services	194,005	198,421	103,306	95,115
Enterprise operations	-	-	5,806	(5,806)
Food services operations	1,794,733	1,794,733	1,945,872	(151,139)
Total expenditures	28,745,707	28,997,735	28,890,899	106,836
Excess (deficiency) of revenues over (under) expenditures	(1,251,580)	(1,270,675)	1,574,765	2,845,440
OTHER FINANCING USES				
Transfers out	-	-	(6,009)	(6,009)
Total other financing uses	-	-	(6,009)	(6,009)
Net change in fund balance	(1,251,580)	(1,270,675)	1,568,756	2,839,431
FUND BALANCE, beginning of year	6,628,463	6,628,463	6,628,463	-
FUND BALANCE, end of year	$ 5,376,883	$ 5,357,788	$ 8,197,219	$ 2,839,431

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 ($468,365) or expenditures ($482,052) of the various school activity accounts.

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

See notes to the basic financial statements.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Funding Agency Program/Grant		CFDA Number	Pass-Through Entity ID Number	Expenditures In Period	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	$ (1)	
National School Lunch Program	*	10.555	N/A	1,838,702	(2)
Total U.S. Department of Agriculture				1,838,702	
Education, U. S. Department of					
Direct					
Fund for the Improvement of Education		84.215		81,310	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States	*	84.027	N/A	607,925	
Preschool Grants	*	84.173	N/A	23,829	
Total Special Education Cluster				631,754	
Other Programs					
Pass-Through From Georgia Department of Education					
Title I, Local Educational Agencies		84.010	N/A	892,999	
Improving Teacher Quality State Grants		84.367	N/A	114,506	
Rural Education		84.358	N/A	47,390	
Career and Technical Education - Basic Grants to States		84.048	N/A	43,129	
Pass-Through From Southwest Regional Educational Service Agency					
English Language Acquisition Grants		84.365	N/A	431	
Total Other Programs				1,098,455	
Total U. S. Department of Education				1,811,519	
Defense, U. S. Department of					
Direct					
Department of the Air Force					
R.O.T.C. Program				66,922	
Total Expenditures of Federal Awards				$ 3,717,143	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Expenditures for the funds earned on the School Breakfast Program ($448,259) were not maintained separately and are included in the National School Lunch Program.

(2) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $135,069.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Butts County Board of Education and is presented on the modified accrual basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Agency/Funding	Governmental Fund Type General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 300,850
Education, Georgia Department of	
Quality Basic Education (1)	
Direct Instructional Cost	
Kindergarten Program	969,389
Kindergarten Program - Early Intervention Program	210,268
Primary Grades (1-3) Program	2,294,813
Primary Grades - Early Intervention (1-3) Program	450,409
Upper Elementary Grades (4-5) Program	1,246,754
Upper Elementary Grades - Early Intervention (4-5) Program	189,100
Middle School (6-8) Program	1,737,244
High School General Education (9-12) Program	1,639,742
Vocational Laboratory (9-12) Program	562,759
Students with Disabilities	2,257,218
Program for Intellectually Gifted Students - Category VI	823,650
Remedial Education Program	238,695
Alternative Education Program	129,278
English Speakers of Other Languages (ESOL)	33,299
Media Center Program	351,977
20 Days Additional Instruction	105,380
Staff and Professional Development	67,901
Principal Staff and Professional Development	1,375
Indirect Cost	
Central Administration	476,060
School Administration	709,379
Facility Maintenance and Operations	831,913
Categorical Grants	
Pupil Transportation	
Pupil Transportation	392,017
State Bonds	77,220
Nursing Services	64,948
Vocational Supervisors	13,367
Education Equalization Funding Grant	165,200
Food Services	52,990
Vocational Education	41,857
Amended Formula Adjustment	(2,083,984)
Other State Programs	
Math and Science Supplements	25,043
Preschool Handicapped Program	61,826
Technology to Support Digital Learning	18,905
Teachers' Retirement	27,726
Office of the State Treasurer	
Public School Employees' Retirement	89,959
	$ 14,574,527

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of $1,422,228 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)(5)	Expended In Prior Years (3)(5)	Total Completion Cost	Project Status
Rehabilitating, repairing, renovating, extending and improving Jackson High School	$ 19,246,252	$ 19,246,252	$ 6,708,382	$ 1,686,305	$ -	2017
Rehabilitating, repairing, renovating, extending and improving Henderson Middle School	884,398	884,398	20,933	546,119	-	2017
Rehabilitating, repairing, renovating, extending and improving Daughtry Elementary School	390,180	403,023	13,720	389,303	-	2017
Rehabilitating, repairing, renovating, extending and improving Jackson Elementary School	257,500	262,139	11,507	250,632	-	2017
Rehabilitating, repairing, renovating, extending and improving Stark Elementary School	308,608	308,608	14,878	217,714	-	2017
Acquisition of school buses, vehicles and transportation and maintenance equipment	530,000	530,000	31,951	356,885	-	2017
Renovating or adding to existing administrative facilities	27,572	148,859	12,558	121,287	-	2017
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 and foregoing.	3,355,490	3,355,490	228,087	-	-	2017
	$ 25,000,000	$ 25,138,769	$ 7,042,016	$ 3,568,245	$ -	

N/A - Not applicable

(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 project(s). 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, 2014, 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	$ 153,583
Current Year	180,000
	$ 333,583

See notes to the basic financial statements.

BUTTS COUNTY BOARD OF EDUCATION
SCHEDULE OF QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES BY PROGRAM
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Description	Allotments From Georgia Department of Education (1) (2)	Eligible QBE Program Costs		
		Salaries	Operations	Total
Direct Instructional Funds:				
Kindergarten Program	$ 1,203,143	$ 1,622,413	$ 33,440	$ 1,655,853
Kindergarten Program - Early Intervention Program	233,537	24,082	-	24,082
Primary Grades (1-3) Program	2,829,934	2,608,753	78,499	2,687,252
Primary Grades - Early Intervention (1-3) Program	514,942	194,125	986	195,111
Upper Elementary Grades (4-5) Program	1,495,733	1,400,683	54,991	1,455,674
Upper Elementary Grades-Early Intervention (4-5) Program	234,648	248,620	128	248,748
Middle Grades (6-8) Program	2,124,575	2,003,836	19,963	2,023,799
High School General Education (9-12) Program	1,986,643	2,608,319	38,271	2,646,590
Vocational Laboratory (9-12) Program	681,491	385,446	5,929	391,375
Students with Disabilities	2,725,540	-	-	-
Category I	-	61,975	2,004	63,979
Category II	-	341,236	994	342,230
Category III	-	1,540,685	-	1,540,685
Category IV	-	113,397	-	113,397
Category V	-	145,433	-	145,433
Gifted Student - Category VI	965,940	408,835	930	409,765
Remedial Education Program	305,638	-	-	-
Alternative Education Program	160,501	234,495	-	234,495
English Speakers of Other Languages (ESOL)	37,437	62,728	-	62,728
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	15,499,702	14,005,061	236,135	14,241,196
Media Center Program	427,546	409,198	24,528	433,726
Staff and Professional Development	82,479	-	-	33,280
TOTAL QBE FORMULA FUNDS	$ 16,009,727	$ 14,414,259	$ 260,663	$ 14,708,202

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

(2) Allotments do not include the impact of the state amended budget adjustment.

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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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

February 12, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
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*

Ladies and Gentlemen:

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 Butts County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Butts County Board of Education's basic financial statements and have issued our report thereon dated February 12, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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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.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Butts County Board of Education in a separate letter dated February 12, 2016.

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, not to provide an opinion on the effectiveness of the Butts County Board of Education'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 Butts County Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:er
2014YB-10

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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

February 12, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Butts County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Butts County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Butts County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Butts County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the Butts County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Butts County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Butts County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Butts County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Greg S. Griffin
State Auditor

GSG:er
2014SA-10

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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BUTTS COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS	
FS-6181-13-01	Previously Reported Corrective Action Implemented
FS-6181-13-02	Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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BUTTS COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

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? — None Reported

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 OMB Circular A-133, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.