

**BUTTS COUNTY BOARD
OF EDUCATION**

ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2023**

**Prepared by:
Finance Department**

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

BUTTS COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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BUTTS COUNTY BOARD OF EDUCATION

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Butts County Board of Education** (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

GAAP requires that the Schedules of Proportionate Share of the Net Pension Liabilities, the Schedules of Pension Contributions, the Schedule of Proportionate Share of the Net Other Post-employment Benefit (“OPEB”) Liability, and the Schedule of OPEB Contributions (on pages 45 through 62). Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAP, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District’s basic financial statements. The Schedule of State Revenue; Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of Approved Local Option Sales Tax Projects, as required by the Official Code of Georgia Annotated (“O.C.G.A.”) § 48-8-121, (collectively the “supplementary information”) as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 23, 2026

BASIC FINANCIAL STATEMENTS

BUTTS COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 49,377,782
Investments	5,886
Receivables:	
Taxes	2,514,078
Intergovernmental:	
State	4,035,724
Federal	1,682,875
Other	13,036
Inventory	15,989
Prepaid items	11,617
Capital assets (nondepreciable)	16,628,850
Capital assets (net of accumulated depreciation)	71,575,667
Total assets	<u>145,861,504</u>
DEFERRED OUTFLOWS	
Related to pension plans	22,967,360
Related to OPEB plan	5,214,883
Total deferred outflows	<u>28,182,243</u>
LIABILITIES	
Accounts payable	142,858
Salaries and benefits payable	4,435,273
Accrued interest payable	475,000
Retainage payable	1,178,083
Unearned revenue	175,418
Bonds payable due within one year	3,699,383
Bonds payable due in more than one year	30,312,768
Net pension liability due in more than one year	47,641,381
Net OPEB liability due in more than one year	18,918,841
Total liabilities	<u>106,979,005</u>
DEFERRED INFLOWS	
Related to pension plans	1,098,165
Related to OPEB plan	11,829,281
Total deferred inflows	<u>12,927,446</u>
NET POSITION	
Net investment in capital assets	52,996,431
Restricted for:	
Continuation of federal programs	1,615,376
Capital projects	24,213,647
Debt service	2,912,500
Unrestricted	(27,600,658)
Total net position	<u>\$ 54,137,296</u>

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

BUTTS COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 30,599,850	\$ 999,979	\$ 23,141,281	\$ 1,478,846	\$ (4,979,744)
Support services:					
Pupil services	3,395,699	187,036	858,997	-	(2,349,666)
Improvement of instructional services	2,334,395	-	1,255,990	-	(1,078,405)
Educational media services	534,642	-	10,819	-	(523,823)
General administration	2,329,452	-	563,568	27,944	(1,737,940)
School administration	3,407,806	-	107,258	5,714	(3,294,834)
Business administration	472,832	-	85,081	-	(387,751)
Maintenance and operation of plant	2,697,772	-	1,761,440	29,954	(906,378)
Student transportation services	2,514,517	-	984,876	116,242	(1,413,399)
Central support services	286,705	-	19,821	-	(266,884)
Other support services	145,769	-	26,749	-	(119,020)
Enterprise operations	23,841	-	-	-	(23,841)
Food service operations	3,193,691	64,615	3,196,493	70,033	137,450
Interest on long-term debt	341,341	-	-	-	(341,341)
Total governmental activities	<u>\$ 52,278,312</u>	<u>\$ 1,251,630</u>	<u>\$ 32,012,373</u>	<u>\$ 1,728,733</u>	<u>(17,285,576)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					14,794,049
Sales taxes, levied for capital projects					7,755,386
Intangible taxes					194,617
Transfer taxes					96,732
Grants and contributions not restricted to specific programs					220,027
Unrestricted investment earnings					883,152
Miscellaneous					368,629
Total general revenues					<u>24,312,592</u>
Change in net position					<u>7,027,016</u>
Net position, beginning of year					<u>47,110,280</u>
Net position, end of year					<u>\$ 54,137,296</u>

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

BUTTS COUNTY BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	General	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,459,765	\$ 33,918,017	\$ -	\$ 49,377,782
Investments	5,886	-	-	5,886
Receivables:				
Taxes	2,514,078	-	-	2,514,078
Intergovernmental:				
State	2,766,754	1,268,970	-	4,035,724
Federal	1,682,875	-	-	1,682,875
Other	13,036	-	-	13,036
Due from other funds	6,389,905	-	-	6,389,905
Prepaid items	11,617	-	-	11,617
Inventory	15,989	-	-	15,989
Total assets	<u>\$ 28,859,905</u>	<u>\$ 35,186,987</u>	<u>\$ -</u>	<u>\$ 64,046,892</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 125,006	\$ 17,852	\$ -	\$ 142,858
Salaries and benefits payable	4,435,273	-	-	4,435,273
Retainage payable	-	1,178,083	-	1,178,083
Due to other funds	-	6,389,905	-	6,389,905
Due to other governments	-	-	-	-
Accrued interest payable	-	-	-	-
Unearned revenue	175,418	-	-	175,418
Unearned revenue	-	-	-	-
Total liabilities	<u>4,735,697</u>	<u>7,585,840</u>	<u>-</u>	<u>12,321,537</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,001,451	-	-	1,001,451
Unavailable revenue - grants	336,345	-	-	336,345
Total deferred inflows	<u>1,337,796</u>	<u>-</u>	<u>-</u>	<u>1,337,796</u>
FUND BALANCES				
Nonspendable:				
Inventory	15,989	-	-	15,989
Prepaid items	11,617	-	-	11,617
Restricted for:				
Federal programs	1,599,387	-	-	1,599,387
Debt service	-	3,387,500	-	3,387,500
Capital projects	-	24,213,647	-	24,213,647
Assigned for:				
Student activities	639,146	-	-	639,146
Subsequent year's budget	3,163,549	-	-	3,163,549
Unassigned	17,356,724	-	-	17,356,724
Total fund balances	<u>22,786,412</u>	<u>27,601,147</u>	<u>-</u>	<u>50,387,559</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 28,859,905</u>	<u>\$ 35,186,987</u>	<u>\$ -</u>	

BUTTS COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2023

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

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

Cost	\$	124,105,899	
Less accumulated depreciation		<u>(35,901,382)</u>	\$ 88,204,517

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

Property taxes	\$	1,001,451	
Grants		<u>336,345</u>	1,337,796

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

Bonds	\$	(29,524,383)	
Bond premium		(4,487,768)	
Accrued interest		(475,000)	
Pensions - deferred outflows of resources		22,967,360	
Pension - deferred inflows of resources		(1,098,165)	
Net pension liability		(47,641,381)	
OPEB - deferred outflows of resources		5,214,883	
OPEB - deferred inflows of resources		(11,829,281)	
Net OPEB liability		<u>(18,918,841)</u>	<u>(85,792,576)</u>
Net position of governmental activities			<u>\$ 54,137,296</u>

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

BUTTS COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 14,947,708	\$ -	\$ -	\$ 14,947,708
Sales taxes	291,350	7,755,386	-	8,046,736
State funds	21,186,845	1,728,733	-	22,915,578
Federal funds	11,547,295	-	-	11,547,295
Charges for services	1,251,629	-	-	1,251,629
Investment earnings	86,262	796,890	-	883,152
Miscellaneous	368,629	-	-	368,629
Total revenues	<u>49,679,718</u>	<u>10,281,009</u>	<u>-</u>	<u>59,960,727</u>
EXPENDITURES				
Current:				
Instruction	27,272,659	146,830	-	27,419,489
Support services:				
Pupil services	3,147,831	169,464	-	3,317,295
Improvement of instructional services	2,119,005	143,708	-	2,262,713
Educational media services	516,646	-	-	516,646
General administration	2,240,833	10,159	-	2,250,992
School administration	3,202,988	69,985	-	3,272,973
Business administration	426,783	33,724	-	460,507
Maintenance and operation of plant	2,436,252	259,508	-	2,695,760
Student transportation services	2,450,898	15,246	-	2,466,144
Central support services	281,118	4,385	-	285,503
Other support services	145,537	-	-	145,537
Enterprise operations	23,841	-	-	23,841
Food services operations	3,101,160	-	-	3,101,160
Capital outlay	-	15,552,721	-	15,552,721
Debt service:				
Principal retirement	-	-	1,525,000	1,525,000
Interest and fees	-	-	1,456,475	1,456,475
Total expenditures	<u>47,365,551</u>	<u>16,405,730</u>	<u>2,981,475</u>	<u>66,752,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,314,167</u>	<u>(6,124,721)</u>	<u>(2,981,475)</u>	<u>(6,792,029)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,981,475	2,981,475
Transfers out	-	(2,981,475)	-	(2,981,475)
Total other financing sources (uses), net	<u>-</u>	<u>(2,981,475)</u>	<u>2,981,475</u>	<u>-</u>
Net change in fund balances	2,314,167	(9,106,196)	-	(6,792,029)
FUND BALANCE, beginning of year	<u>20,472,245</u>	<u>36,707,343</u>	<u>-</u>	<u>57,179,588</u>
FUND BALANCE, end of year	<u>\$ 22,786,412</u>	<u>\$ 27,601,147</u>	<u>\$ -</u>	<u>\$ 50,387,559</u>

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

BUTTS COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Net change in fund balances - total governmental funds	\$	(6,792,029)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which capital outlay exceeded depreciation is to increase net position.

Capital outlay	\$	15,690,058	
Depreciation expense		<u>(2,699,735)</u>	12,990,323

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

Grants	\$	(585,880)	
Property taxes		<u>(153,659)</u>	(739,539)

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	\$	1,525,000	
Bond premium amortization		1,094,801	
Adjustment to record pension expense and related revenue for pension special funding situation, net of fund level amounts		84,140	
Change in net pension liability and deferred inflows and outflows related to pension activity		(2,822,622)	
Change in net OPEB pension liability and deferred inflows and outflows related to OPEB activity		<u>1,666,609</u>	1,547,928

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

Change in accrued interest			<u>20,333</u>
	\$		<u>7,027,016</u>

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

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, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 13,100,000	\$ 13,100,000	\$ 14,947,708	\$ 1,847,708
Sales taxes	300,000	300,000	291,350	(8,650)
State funds	18,902,939	19,842,727	21,186,845	1,344,118
Federal funds	5,704,637	6,700,676	11,547,295	4,846,619
Charges for services	60,514	60,514	1,251,629	1,191,115
Investment earnings	500	500	86,262	85,762
Miscellaneous	7,200	7,200	368,629	361,429
Total revenues	38,075,790	40,011,617	49,679,718	9,668,101
EXPENDITURES				
Current:				
Instruction	27,078,948	24,120,786	27,272,659	(3,151,873)
Support services:				
Pupil services	2,097,524	2,352,309	3,147,831	(795,522)
Improvement of instructional services	2,205,241	2,127,369	2,119,005	8,364
Educational media services	535,120	535,120	516,646	18,474
General administration	1,113,560	1,115,560	2,240,833	(1,125,273)
School administration	3,095,752	3,084,140	3,202,988	(118,848)
Business administration	425,660	425,660	426,783	(1,123)
Maintenance and operation of plant	2,497,510	2,497,510	2,436,252	61,258
Student transportation services	2,475,306	2,448,187	2,450,898	(2,711)
Central support services	266,144	264,344	281,118	(16,774)
Other support services	64,075	64,075	145,537	(81,462)
Enterprise operations	-	-	23,841	(23,841)
Food services operations	2,547,534	2,547,534	3,101,160	(553,626)
Total expenditures	44,402,374	41,582,594	47,365,551	(5,782,957)
Excess (deficiency) of revenues over (under) expenditures	(6,326,584)	(1,570,977)	2,314,167	3,885,144
OTHER FINANCING SOURCES (USES)				
Transfers in	312,573	312,573	-	(312,573)
Transfers out	(312,573)	(312,573)	-	312,573
Total other financing sources (uses), net	-	-	-	-
Net change in fund balance	(6,326,584)	(1,570,977)	2,314,167	3,885,144
FUND BALANCE, beginning of year	20,472,245	20,472,245	20,472,245	-
FUND BALANCE, end of year	\$ 14,145,661	\$ 18,901,268	\$ 22,786,412	\$ 3,885,144

NOTES TO FINANCIAL STATEMENTS

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Statements

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements (Continued)

2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources of the School District, except those resources required to be accounted for in another fund.
- The *District-Wide Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST"), and grants from the Georgia State Financing and Investing Commission, that are restricted, committed, or assigned to the expenditure capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting

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

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

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases, if any, are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

New Accounting Pronouncements

In fiscal year 2023, the School District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have an impact on the School District's financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Composition of Deposits – Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (“Georgia Fund 1”) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (“O.C.G.A.”) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

Investments

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

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

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

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

Receivables

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

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

NOTES TO FINANCIAL STATEMENTS

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

Restricted Assets

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

Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Post-employment Benefits Other Than Pensions

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

Fund Balances

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

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

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

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

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

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

The Butts County Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on July 20, 2022 (levy date), based on property values as of January 1, 2022. Taxes were due on December 7, 2022 (lien date) and could be paid in two installments on October 5, 2022 and December 7, 2022. Taxes collected within the current fiscal year or within 60 days after year-end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. 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, 2023, for maintenance and operations amounted to \$13,245,715.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The tax millage rate levied for the 2022 tax year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>14.175</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,701,993 during the fiscal year ended June 30, 2023.

Sales Taxes

Education Special Purpose Local Option Sales Tax ("ESPLOST"), at the fund reporting level, during the year amounted to \$7,755,386 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 3. BUDGETARY DATA AND COMPLIANCE

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 GAAP.

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

For the fiscal year ended June 30, 2023, the School District's General Fund reported actual expenditures that exceed appropriations in the amount of \$5,782,957. These excess expenditures were funded by higher than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

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

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2023, the School District had deposits with a carrying amount of \$49,383,668 which includes \$5,886 in a Certificate of Deposit that is reported as investments and bank balances of \$51,728,117. As of June 30, 2023, all of the School District's deposits were properly collateralized in accordance with state law and applicable GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk (Continued)

The School District's deposits by custodial credit risk category at June 30, 2023, are as follows:

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

Statement of Net Position:

Cash and cash equivalents	\$ 49,377,782
Add: Deposits with an original maturity of three months or more reported as an investment	5,886
Total carrying value of deposits - June 30, 2023	<u>\$ 49,383,668</u>

Categorization of Investments – At June 30, 2023, the School District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificate of deposit	July 27, 2024	<u>\$ 5,886</u>

Fair Value of Investments

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

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

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2023, \$5,886 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Quality Risk

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

Concentration of Credit Risk

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

NOTE 5. NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture ("USDA") for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. **See Note 2 – Inventories.**

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 1,972,342	\$ -	\$ -	\$ -	\$ 1,972,342
Construction in progress	9,952,739	15,128,353	-	(10,424,584)	14,656,508
Total	11,925,081	15,128,353	-	(10,424,584)	16,628,850
Capital assets, being depreciated:					
Buildings and improvements	81,046,725	127,281	-	10,424,584	91,598,590
Equipment	8,621,207	434,424	-	-	9,055,631
Land improvements	6,822,828	-	-	-	6,822,828
Total	96,490,760	561,705	-	10,424,584	107,477,049
Less accumulated depreciation for:					
Buildings and improvements	(25,339,241)	(1,748,919)	-	-	(27,088,160)
Equipment	(5,890,929)	(647,525)	-	-	(6,538,454)
Land improvements	(1,971,477)	(303,291)	-	-	(2,274,768)
Total	(33,201,647)	(2,699,735)	-	-	(35,901,382)
Total capital assets, being depreciated, net	63,289,113	(2,138,030)	-	10,424,584	71,575,667
Governmental activities capital assets, net	<u>\$ 75,214,194</u>	<u>\$ 12,990,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,204,517</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Current year depreciation expense by function is as follows:

Instruction		\$ 2,292,701
Support Services:		
General Administration	\$ 46,724	
School Administration	9,554	
Maintenance and Operations	50,083	
Student Transportation	<u>183,577</u>	289,938
Food Services		<u>117,096</u>
Total Depreciation Expense		<u><u>\$ 2,699,735</u></u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund balances as of June 30, 2023, consisted of the following:

	<u>Receivable From</u> <u>Capital</u> <u>Projects Fund</u>
<u>Payable to:</u>	
General Fund	<u><u>\$ 6,389,905</u></u>

Interfund balances represent amounts paid from the General Fund for eligible SPLOST expenditures that were not yet reimbursed by the Capital Projects Fund as of June 30, 2023

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	<u>Transfers From</u> <u>Capital</u> <u>Projects Fund</u>
<u>Transfers To</u>	
Debt Service Fund	<u><u>\$ 2,981,475</u></u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT

Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. The School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to \$2.0 million. In addition to the \$550,000 per occurrence retention, the Fund also retains an additional \$200,000 per year corridor retention.

Surety Bond

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM LIABILITIES

The changes in long-term debt during the fiscal year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 30,025,000	\$ -	\$ (1,525,000)	\$ 28,500,000	\$ 2,675,000
Bond Premiums	6,606,952	-	(1,094,801)	5,512,151	1,024,383
Net Pension Liability	13,457,810	40,446,563	(6,262,992)	47,641,381	-
Net OPEB Liability	20,274,226	3,673,720	(5,029,105)	18,918,841	-
Total	<u>\$ 70,363,988</u>	<u>\$ 44,120,283</u>	<u>\$(13,911,898)</u>	<u>\$ 100,572,373</u>	<u>\$ 3,699,383</u>

General Obligation Bonds

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

In October 2021, the School District issued \$28,500,000 of general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The interest rate on the Series 2021 bonds is 5%, with final maturity on September 1, 2032. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Government - Series 2021	5.000%	October 14, 2021	September 1, 2032	\$ 28,500,000	28,500,000
					<u>\$ 28,500,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM LIABILITIES (CONTINUED)

Scheduled Maturities of Long-Term Liabilities

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

Fiscal Year Ending June 30,	General Obligation Bonds, 2021		
	Principal	Interest	Premium
2024	\$ 2,675,000	\$ 1,358,125	\$ 1,024,383
2025	2,705,000	1,223,625	922,934
2026	2,735,000	1,087,625	820,355
2027	2,770,000	950,000	716,549
2028	2,810,000	810,500	611,330
2029 – 2033	14,805,000	1,878,125	1,416,600
Total Principal and Interest	<u>\$ 28,500,000</u>	<u>\$ 7,308,000</u>	<u>\$ 5,512,151</u>

NOTE 10. SIGNIFICANT CONTINGENT LIABILITIES

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

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Georgia School Personnel Post-employment Health Benefit Fund

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$730,868 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2023, the School District reported a liability of \$18,918,841 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022, was determined using standard roll-forward techniques. The School District’s proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the School District’s proportion was 0.191038%, which was an increase of 0.003848% from its proportion measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued): For the year ended June 30, 2023, the School District recognized OPEB expense of (\$935,741). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 755,157	\$ 7,435,677
Changes of assumptions	2,881,378	3,826,362
Net difference between projected and actual earnings on pension plan investments	115,400	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	732,080	567,242
School District contributions subsequent to the measurement date	730,868	-
Total	<u>\$ 5,214,883</u>	<u>\$ 11,829,281</u>

NOTES TO FINANCIAL STATEMENTS

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued): Board contributions subsequent to the measurement date of \$730,868 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	OPEB
2024	\$ (2,091,456)
2025	(1,643,883)
2026	(1,319,524)
2027	(1,534,755)
2028	(689,615)
2029	(66,033)

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

OPEB:

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During fiscal year 2018, the School OPEB fund update their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	2.00%
Equities	70.00%	9.40%
Total	<u>100.00%</u>	

*Net of Inflation

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

NOTES TO FINANCIAL STATEMENTS

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

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

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 3.57%, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.57%) or 1 percentage-point higher (4.57%) than the current discount rate:

	<u>1% Decrease (2.57%)</u>	<u>Current Discount Rate (3.57%)</u>	<u>1% Increase (4.57%)</u>
School District’s proportionate share of the collective net OPEB liability	\$ 21,399,480	\$ 18,918,841	\$ 16,816,390

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District’s proportionate share of the net OPEB liability, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
School District’s proportionate share of the collective net OPEB liability	\$ 16,300,843	\$ 18,918,841	\$ 22,136,349

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

NOTE 12. RETIREMENT PLANS

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

Teachers’ Retirement System of Georgia (“TRS”)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The School District's contractually required contribution rate for the year ended June 30, 2023, was 19.98% of annual School District payroll (excluding payroll attributable to those personnel funded on behalf of the District by the State). For the current fiscal year, employer contributions to the pension plan were \$4,128,720 and \$39,697 from the School District and the State, respectively.

Employees' Retirement System ("ERS")

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

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

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

Contributions: Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2023 was 31.01% of annual covered payroll for Old and New Plan members and 24.47% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of cost-of-living adjustments ("COLA") prefunding for certain retired ERS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$10,844 for the current fiscal year.

Public School Employees' Retirement System ("PSERS")

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$82,423.

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

At June 30, 2023, the School District reported a liability of \$47,641,381 for its proportionate share of the Net Pension Liability for TRS \$(47,542,807) and ERS \$(98,574).

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

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

School District's proportionate share of the net pension liability	\$ 47,542,807
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>458,504</u>
Total	<u>\$ 48,001,311</u>

The net pension liability for TRS and ERS was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022, was determined using standard roll-forward techniques. The School District's proportion of the Net Pension Liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2022.

At June 30, 2022, the School District's TRS proportion was 0.146412%, which was an decrease of 0.005068% from its proportion measured as of June 30, 2021. At June 30, 2022, the School District's ERS proportion was 0.001476%, which was an decrease of 0.001107% from its proportion measured as of June 30, 2021.

At June 30, 2023, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a special funding situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$626,469.

The PSERS Net Pension Liability was measured as of June 30, 2022. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022, was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$6,926,132 for TRS, \$742 for ERS, and \$157,431 for PSERS and revenue of \$157,431 for PSERS. The revenue is support provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,973,514	\$ 247,471
Changes of assumptions	7,156,709	-
Net difference between projected and actual earnings on pension plan investments	9,340,809	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	326,385	826,200
School District contributions subsequent to the measurement date	4,128,720	-
Total	<u>\$ 22,926,137</u>	<u>\$ 1,073,671</u>

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212	\$ 894
Changes of assumptions	17,523	-
Net difference between projected and actual earnings on pension plan investments	11,453	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,191	23,600
School District contributions subsequent to the measurement date	10,844	-
Total	<u>\$ 41,223</u>	<u>\$ 24,494</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

School District contributions subsequent to the measurement date of June 30, 2022, for TRS and ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year		
Ending June 30,	TRS	ERS
2024	\$ 4,796,587	\$ (1,998)
2025	3,613,589	(1,211)
2026	2,629,371	286
2027	6,684,199	8,808

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

Teachers' Retirement System:

Inflation	2.75%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and the payroll growth assumption.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions (Continued):

Employees' Retirement System:

Inflation	2.50%
Salary increases	3.00% - 6.75%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

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

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+) / Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy	Male: +1; Female: +1	Male: 105%; Female: 108%
	Annuitant		
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
	General		
Beneficiaries	Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

Public School Employees' Retirement System

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions (Continued):

Public School Employees' Retirement System (Continued)

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, with the exception of the assumed investment rate of return and the assumed annual rate of inflation.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

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

<u>Asset class</u>	<u>ERS/PSERS Target allocation</u>	<u>Long-term expected real rate of return*</u>	<u>TRS Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	0.20%	30.00%	0.20%
Domestic - Large Cap	46.30	9.40	46.30	9.40
Domestic - Small Cap	1.20	13.40	1.20	13.40
International developed market	12.30	9.40	12.30	9.40
International emerging market	5.20	11.40	5.20	11.40
Alternative	5.00	10.50	5.00	10.50
Total	100.00%		100.00%	

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

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.9%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.9% and 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9% and 6.00%) or 1-percentage-point higher (7.9% and 8.00%) than the current rate:

Teachers' Retirement System			
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the collective net pension liability	\$ 71,726,350	\$ 47,542,807	\$ 27,793,744

Employees' Retirement System			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the collective net pension liability	\$ 131,220	\$ 98,574	\$ 71,121

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

REQUIRED SUPPLEMENTARY INFORMATION

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020
School District's proportion of the net pension liability	0.146412%	0.151480%	0.148744%	0.150424%
School District's proportionate share of the net pension liability	\$ 47,542,807	\$ 13,397,396	\$ 36,031,619	\$ 32,345,227
State of Georgia's proportionate share of the net pension liability associated with the School District	458,504	127,535	346,160	301,253
	<u>\$ 48,001,311</u>	<u>\$ 13,524,931</u>	<u>\$ 36,377,779</u>	<u>\$ 32,646,480</u>
School District's covered payroll	\$ 19,789,889	\$ 19,708,872	\$ 19,176,306	\$ 18,528,174
School District's proportionate share of the net pension liability as a percentage of its covered payroll	240.24%	67.98%	187.90%	174.57%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%

Note: The measurement date for the year ended June 30, 2023 is June 30, 2022. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

2019	2018	2017	2016	2015
0.150364%	0.147911%	0.150205%	0.154976%	0.156744%
\$ 27,910,779	\$ 27,489,715	\$ 30,988,966	\$ 23,593,557	\$ 19,802,537
238,338	352,377	485,863	368,421	290,954
<u>\$ 28,149,117</u>	<u>\$ 27,842,092</u>	<u>\$ 31,474,829</u>	<u>\$ 23,961,978</u>	<u>\$ 20,093,491</u>
\$ 18,062,236	\$ 17,225,029	\$ 16,734,255	\$ 16,358,608	\$ 15,990,961
154.53%	159.59%	185.18%	144.23%	123.84%
80.27%	79.33%	76.06%	81.44%	84.03%

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 4,128,720	\$ 3,920,377	\$ 3,756,511	\$ 4,053,871
Contributions in relation to the contractually required contribution	4,128,720	3,920,377	3,756,511	4,053,871
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	20,664,264	19,789,889	19,708,872	19,176,306
Contributions as a percentage of covered payroll	19.98%	19.81%	19.06%	21.14%

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

2019	2018	2017	2016	2015
\$ 3,836,659	\$ 3,010,560	\$ 2,426,930	\$ 2,351,111	\$ 2,151,157
3,836,659	3,010,560	2,426,930	2,351,111	2,151,157
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
18,528,174	18,062,236	17,225,029	16,734,255	16,358,608
20.71%	16.67%	14.09%	14.05%	13.15%

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30, 2023

CHANGES OF BENEFIT TERMS

There have been no changes in benefit terms.

CHANGES OF ASSUMPTIONS

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

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

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

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>626,469</u> <u>\$ 626,469</u>	<u>64,618</u> <u>\$ 64,618</u>	<u>452,163</u> <u>\$ 452,163</u>	<u>439,024</u> <u>\$ 439,024</u>
School District's covered payroll	\$ 1,682,035	\$ 1,494,941	\$ 1,518,312	\$ 1,544,527
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	81.21%	98.00%	84.45%	85.02%

Note: The measurement date for the year ended June 30, 2023 is June 30, 2022. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
\$ -	\$ -	\$ -	\$ -	\$ -
<u>420,466</u>	<u>392,092</u>	<u>513,656</u>	<u>325,961</u>	<u>293,542</u>
<u>\$ 420,466</u>	<u>\$ 392,092</u>	<u>\$ 513,656</u>	<u>\$ 325,961</u>	<u>\$ 293,542</u>
\$ 1,508,102	\$ 1,117,533	\$ 904,987	\$ 979,201	\$ 969,014
0.00%	0.00%	0.00%	0.00%	0.00%
85.26%	85.69%	81.00%	87.00%	88.29%

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30, 2023

CHANGES OF BENEFIT TERMS

There have been no changes in benefit terms.

CHANGES OF ASSUMPTIONS

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

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

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

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net pension liability	0.001476%	0.002583%	0.002409%	0.002247%
School District's proportionate share of the net pension liability	\$ 98,574	\$ 60,414	\$ 101,538	\$ 92,723
School District's covered payroll	49,997	61,912	60,728	56,651
School District's proportionate share of the net pension liability as a percentage of its covered payroll	197.16%	97.58%	167.20%	163.67%
Plan fiduciary net position as a percentage of the total pension liability	67.44%	87.62%	76.21%	76.74%

Note: The measurement period for the year ended June 30, 2023 is June 30, 2022. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

2019	2018	2017	2016	2015
0.002177%	0.004353%	0.004458%	0.004534%	0.004913%
\$ 89,497	\$ 176,790	\$ 210,882	\$ 183,690	\$ 184,268
55,540	106,767	55,540	103,657	110,628
161.14%	165.58%	379.69%	177.21%	166.56%
76.68%	76.33%	72.34%	76.20%	77.99%

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020
Contractually required contribution	\$ 10,844	\$ 12,314	\$ 15,267	\$ 14,976
Contributions in relation to the contractually required contribution	10,844	12,314	15,267	14,976
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	34,969	49,997	61,912	60,728
Contributions as a percentage of covered payroll	31.01%	24.63%	24.66%	24.66%

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

2019	2018	2017	2016	2015
\$ 14,038	\$ 13,779	\$ 26,489	\$ 25,624	\$ 22,763
14,038	13,779	26,489	25,624	22,763
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
56,651	55,540	106,767	103,657	103,657
24.78%	24.81%	24.81%	24.72%	21.96%

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30, 2023

CHANGES OF BENEFIT TERMS

There have been no changes in benefit terms.

CHANGES OF ASSUMPTIONS

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

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment ("COLA") for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

BUTTS COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2023	2022	2021	2020
School District's proportion of the net OPEB Liability	0.191038%	0.187190%	0.189267%	0.193279%
School District's proportionate share of the net pension liability	\$ 18,918,841	\$ 20,274,226	\$ 27,798,914	\$ 23,719,480
	<u>\$ 18,918,841</u>	<u>\$ 20,274,226</u>	<u>\$ 27,798,914</u>	<u>\$ 23,719,480</u>
School District's covered-employee payroll	\$ 18,872,191	\$ 17,582,130	\$ 17,036,412	\$ 16,443,936
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.25%	115.31%	163.17%	144.24%
Plan fiduciary net position as a percentage of the total pension liability	6.17%	6.14%	3.99%	4.63%

Note: The measurement date for the year ended June 30, 2023 is June 30, 2022. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

2019		2018	
0.191422%		0.187178%	
\$	24,329,149	\$	26,298,434
\$	24,329,149	\$	26,298,434
\$	16,325,800	\$	15,424,337
149.02%		170.50%	
2.93%		1.61%	

BUTTS COUNTY BOARD OF EDUCATION**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 730,868	\$ 690,746	\$ 696,314	\$ 640,057
Contributions in relation to the contractually required contribution	730,868	690,746	696,314	640,057
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 19,299,930	\$ 18,872,191	\$ 17,582,130	\$ 17,036,412
Contributions as a percentage of covered-employee payroll	3.79%	3.66%	3.96%	3.76%

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

2019	2018	2017
\$ 1,040,940	\$ 992,125	\$ 975,958
1,040,940	992,125	975,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,443,936	\$ 16,325,800	\$ 15,424,337
6.33%	6.08%	6.33%

BUTTS COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHOOL OPEB FUND FOR THE YEAR ENDED JUNE 30, 2023

CHANGES OF BENEFIT TERMS

There have been no changes in benefit terms.

CHANGES IN ASSUMPTIONS

For the June 30, 2020 actuarial valuation, the decremental assumptions were changed to reflect the Employees' Retirement Systems' experience study. Approximately 0.10% of employees are members of the Employees' Retirement System.

For the June 30, 2019 actuarial valuation, the decremental assumptions were changed to reflect the Teachers' Retirement Systems experience study.

For the June 30, 2018 actuarial valuation, the inflation assumption was lowered from 2.75% to 2.50%.

For the June 30, 2017 actuarial valuation, participation assumption, tobacco use assumption and morbidity factors were revised.

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

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

The discount rate was updated from 3.87% as of June 30, 2018, to 3.58% as of June 30, 2019, to 2.22% as of June 30, 2020, to 2.20% as of June 30, 2021, and to 3.57% as of June 30, 2022.

SUPPLEMENTARY INFORMATION

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 840,710	\$ -	\$ 840,710
Education, Georgia Department of			
Quality Basic Education:			
Direct Instructional Cost:			
Kindergarten Program	1,259,317	-	1,259,317
Kindergarten Program - Early Intervention Program	89,841	-	89,841
Primary Grades (1-3) Program	2,548,763	-	2,548,763
Primary Grades - Early Intervention (1-3) Program	707,908	-	707,908
Upper Elementary Grades (4-5) Program	1,229,782	-	1,229,782
Upper Elementary Grades - Early Intervention (4-5) Program	611,585	-	611,585
Middle School (6-8) Program	2,446,718	-	2,446,718
High School General Education (9-12) Program	2,192,844	-	2,192,844
Career Technical and Agricultural Education Program 9-12	850,331	-	850,331
Students with Disabilities	2,707,991	-	2,707,991
Program for Intellectually Gifted Students - Category VI	561,224	-	561,224
Remedial Education Program	207,221	-	207,221
Alternative Education Program	183,548	-	183,548
English Speakers of Other Languages (ESOL)	28,568	-	28,568
Media Center Program	416,261	-	416,261
20 Days Additional Instruction	133,452	-	133,452
Staff and Professional Development	72,541	-	72,541
Principal Staff and Professional Development	1,466	-	1,466
Indirect Cost:			
Central Administration	542,781	-	542,781
School Administration	859,434	-	859,434
Facility Maintenance and Operations	853,519	-	853,519
Categorical Grants:			
Pupil Transportation:			
Pupil Transportation	443,233	-	443,233
Bus Replacement	6,449	-	6,449
Nursing Services	70,945	-	70,945
Vocational Supervisors	14,333	-	14,333
Education Equalization Funding Grant	220,027	-	220,027
Food Services	72,002	-	72,002
Vocational Education	46,739	-	46,739
One Time QBE Adjustment	686,250	-	686,250
Other State Programs:			
Math and Science Supplements	9,577	-	9,577
School Safety Grant	47,232	-	47,232

(Continued)

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Grants (Continued)			
Education, Georgia Department of			
Quality Basic Education (Continued):			
Other State Programs (Continued):			
Hygiene Products in Georgia Schools	2,900	-	2,900
Preschool Handicapped Program	99,233	-	99,233
Teachers Retirement	39,697	-	39,697
Office of the State Treasurer			
Public School Employees Retirement	82,423	-	82,423
Capital Outlay Grants			
Misc	-	1,728,733	1,728,733
	<u>\$ 21,186,845</u>	<u>\$ 1,728,733</u>	<u>\$ 22,915,578</u>

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST V FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)(5)</u>	<u>Expended In Prior Years (3)(5)</u>	<u>Total Completion Cost</u>	<u>Estimated Completion Date</u>
Rehabilitating, repairing, renovating, extending and improving Jackson High School.	\$ 11,300,000	\$ 11,300,000	\$ -	\$ 11,296,302	\$ 11,296,302	2024
Rehabilitating, repairing, renovating, extending and improving Henderson Middle School.	4,100,000	4,100,000	-	3,944,365	3,944,365	2024
Rehabilitating, repairing, renovating, extending improving Daughtry Elementary School.	754,000	754,000	-	753,123	753,123	2024
Rehabilitating, repairing, renovating, extending and improving Jackson Elementary School.	107,000	107,000	-	106,027	106,027	2024
Rehabilitating, repairing, renovating, extending and improving Stark Elementary School.	70,000	70,000	-	67,290	67,290	2024
Acquisition of school buses, vehicles and transportation and maintenance equipment.	291,000	291,000	-	290,896	290,896	2024
Renovating or adding to existing administrative facilities.	614,000	614,000	-	613,992	613,992	2024
Additional classrooms, physical education and athletic facilities, roof replacements and repairs, mechanical system repairs and replacements, and wiring and infrastructure modifications; additional parking and paving at School District facilities; acquiring and installing system-wide instructional and administrative technology, software, safety and security equipment; acquisition of music, vocational and physical education/athletic equipment; acquiring textbooks; acquiring any necessary property, both real and personal; and paying costs incident to accomplishing and foregoing.	5,300,000	5,300,000	44,484	5,224,450	5,268,934	2024
	<u>\$ 22,536,000</u>	<u>\$ 22,536,000</u>	<u>\$ 44,484</u>	<u>\$ 22,296,445</u>	<u>\$ 22,340,929</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax approved by the voters of Butts County (\$25M), is different from the amount reported above (\$21.3M). The Board has budgeted less, based on historical collections.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Butts County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.
- (4) As of June 30, 2022, 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	\$ 949,878
Current Year	30,500
	<u>\$ 980,378</u>

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST VI FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)(5)	Expended In Prior Years (3)(5)	Total Completion Cost	Estimated Completion Date
Renovating, improving, extending, repairing, furnishing, upgrading, equipping Henderson Middle School	\$ 4,792,993	\$ 4,582,849	\$ 2,350,710	\$ -	\$ 2,350,710	Completed
Renovating, improving, extending, repairing, furnishing, upgrading, equipping the Red Devil Hill Stadium and Athletic Complex	8,370,414	7,978,988	2,057,498	-	2,057,498	Completed
Renovating, improving, extending, repairing, furnishing, upgrading, and equipping Daughtry Elementary School	1,533,049	2,157,164	1,269,634	-	1,269,634	2024
Renovating, improving, extending, repairing, furnishing, upgrading, and equipping Rufus Adams Auditorium and Ernest Battle Professional Development Center	5,867,620	-	-	-	-	2026
Acquiring, constructing, furnishing, and equipping a new performing arts center	10,971,567	15,103,100	9,737,956	-	9,737,956	2024
Acquiring, constructing, furnishing, and equipping a new field house at Henderson Middle School	652,312	-	-	-	-	2024
Acquiring, constructing, furnishing, and equipping a new maintenance and nutrition warehouse facility	1,918,066	-	-	-	-	2025
Purchasing and providing HVAC improvements, new roof systems, security, safety, technology and communication improvements, traffic, parking and sidewalk renovations and improvements, electrical and plumbing repairs and improvements, and energy efficiency improvements; acquiring and installing system wide software or other technology equipment to support instructional and administrative initiatives or improvements, safety and security, communication, finance and operations, to include system wide software updates and outfitting schools with early alert technology; acquiring installing or providing technology devices (to include acquiring electronic devices for students); acquiring school and transportation or maintenance vehicles and equipment; acquiring fine arts, music/band vocational, and physical education/athletic equipment	-	4,984,080	945,448	-	945,448	Ongoing
Purchasing and providing textbooks, ebooks, digital media and planning for new School District site acquisition, site development and construction	-	-	-	-	-	
Demolishing existing school facilities within the School District, acquiring any necessary property therefore, both real and personal	-	-	-	-	-	
Paying expenses incident to accomplishing the foregoing (the "Projects")	-	-	-	-	-	
	<u>\$ 34,106,021</u>	<u>\$ 34,806,181</u>	<u>\$ 16,361,246</u>	<u>\$ -</u>	<u>\$ 16,361,246</u>	

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

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

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

(4) 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	\$ 542,292	SPLOST V	\$ 44,484
Current Year	1,425,000	SPLOST VI	16,361,246
	<u>\$ 1,967,292</u>	Total SPLOST Expenditures	<u>\$ 16,405,730</u>

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Butts County Board of Education (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 23, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Butts County Board of Education's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School Districts' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. School Districts' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
January 23, 2026



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

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Butts County Board of Education's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the Special Education Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School District did not comply with requirements regarding Assistance Listing Numbers 84.027 and 84.173, the Special Education Cluster, as described in finding number 2023-002 for Procurement. Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Mauldin & Jenkins, LLC

Macon, Georgia
January 23, 2026

BUTTS COUNTY BOARD OF EDUCATION

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

Funding Agency Program/Grant	Assistance Listing Number	Pass- Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Pass-Through From Georgia Department of Education:			
Child Nutrition Cluster:			
Food Services:			
School Breakfast Program	10.553	235GA324N1099	\$ 710,172
National School Lunch Program	10.555	235GA324N1099	2,016,723
Fresh Fruit and Vegetable Program	10.582	235GA324N1099	109,593
COVID-19 Supply Chain Assistance Grant	10.555	235GA324N1099	107,333
Total Child Nutrition Cluster			2,943,821
Other programs:			
Child Nutrition Discretionary Grants - Limited Availability	10.579	202321I500345	25,588
State Administrative Expenses for Child Nutrition	10.560	235GA904N2533	8,602
Total U.S. Department of Agriculture			2,978,011
Pass-Through From Georgia Department of Education:			
Special Education Cluster:			
COVID-19 - Flowthrough	84.027X	H027X210073	66,050
COVID-19 - Preschool Grants	84.173X	H173X210081	5,608
Preschool Grants	84.173	H173A220081	25,713
Flowthrough	84.027	H027A210073	1,146
Flowthrough	84.027	H027A220073	712,115
Total Special Education Cluster			810,632
Education Stabilization Fund:			
Pass-Through From Georgia Department of Education:			
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School	84.425W	S425W210011	20,026
Emergency Relief Fund - Homeless Children and Youth			
COVID-19 Elementary and Secondary School	84.425W	S425W210011	36,838
Emergency Relief Fund - Homeless Children and Youth			
COVID-19 - Elementary and Secondary School			
Emergency Relief Fund	84.425D	S425D210012	236
COVID-19 - American Rescue Plan Elementary and			
Secondary School Emergency Relief Fund	84.425U	S425U210012	3,922,954
Total Education Stabilization Fund			3,980,054
Other Programs:			
Direct:			
Title I, Grants to Local Educational Agencies	84.010	S010A210010-21A	474,123
Title I, Grants to Local Educational Agencies	84.010	S010A220010	1,803,615
Supporting Effective Instruction State Grants	84.367	S367A210001	36,031
Supporting Effective Instruction State Grants	84.367	S367A220001	455
Comprehensive Literacy Development	84.371C	S371C190016-19A	666,582
Career and Technical Education -			
Basic Grants to States	84.048	V048A210010	4,329
Career and Technical Education -			
Basic Grants to States	84.048	V048A220010	62,076
Pass-Through From Southwest Regional Educational Service Agency:			
English Language Acquisition Grants:			
Rural Education	84.358	S358F220010	29,503
Total U. S. Department of Education			7,867,400
Defense, U.S. Department of			
Direct:			
Department of the Air Force:			
R.O.T.C. Program	12.unknown	N/A	44,574
Total Expenditures of Federal Awards			\$ 10,889,985

N/A = Not Available

BUTTS COUNTY BOARD OF EDUCATION

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

NOTE 1. BASIS OF PRESENTATION

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

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

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes \$258,325 of non-cash expenditures in the form of donated food commodities.

NOTE 3. DE MINIMIS COST RATE

The School District elected not to use the 10% de minimis cost rate for the year ended June 30, 2023.

NOTE 4. SUBRECIPIENTS

The School District did not pass through any funds to subrecipients for the year ended June 30, 2023.

NOTE 5. TRANSFERS

During the year ended June 30, 2023, \$254,046 and \$93,442 was transferred from the Title II – Supporting Effective Instruction program and the Title IV – Part A Student Support and Academic Enrichment program, respectively, to the Title I – Improving Academic Achievement program. Expenditures of transfers are reflected within the receiving program.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☒ Yes ☐ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

☒ Yes ☐ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ None Reported

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

Qualified/Unmodified

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

☒ Yes ☐ No

Identification of major program:

Assistance Listing Number

10.553/10.555/10.582

84.027/84.027X/84.173/84.173X

84.425D/84.425U/84.425W

Name of Federal Program or Cluster

U.S. Department of Agriculture:

Child Nutrition Cluster

U.S. Department of Education:

Special Education Cluster

Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

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

SECTION II
FINANCIAL STATEMENTS FINDINGS

2023-001. Accounts Receivable and Revenue Recognition

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the School District should review all revenue transactions to determine reporting in the proper period.

Condition: During fiscal year 2023, the School District did not properly record revenue, accounts receivable, and unavailable revenue related to grants, interest and SPLOST revenues.

Context: During our testing of grants, interest and SPLOST revenues, we noted amounts were not properly stated. Audit adjustments in the General Fund and Capital Projects Fund were required to properly reflect balances.

Cause: Management oversight.

Effect: Audit adjustments were required to properly state accounts receivable, revenues, and unavailable revenue as follows:

- Audit adjustments to decrease intergovernmental accounts payable in the amount of \$221,471, to decrease accounts receivable in the total amounts of \$1,104,459, to decrease grant revenues in the amount of \$481,547, increase unearned revenue in the amount of \$175,032, to decrease expenditures in the amount of \$9,407, and to decrease unavailable revenue in the amount of \$585,880 were required in the General Fund.
- A net audit adjustment to increase taxes receivable and to increase SPLOST revenues in the amount of \$125,018 was required in the Capital Projects Fund. Additionally, an audit adjustment to increase cash and interest revenue in the amount of \$17,608 was required in the Capital Projects Fund.

Recommendation: We recommend the School District establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to review revenue transactions after year-end to determine reporting in the proper period.

BUTTS COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-002. Special Education Cluster – Assistance Listing Numbers 84.027X/84.027/84.173X/84.173 – Procurement, Suspension and Debarment

Criteria: The Uniform Guidance requires purchases over certain thresholds to be obtained through competitive bidding or quotes as stated in the Uniform Guidance or as stated in the recipient's purchasing policy, whichever is more restrictive. Additionally, the Uniform Guidance prohibits entities from contracting with or making subawards of \$25,000 or more to parties who are suspended or debarred.

Condition: During fiscal year 2023, the School District did not comply with the procurement and suspension and debarment requirements of the Uniform Guidance.

Context: During our testing of the Special Education Cluster, we noted 3 out of 8 purchases tested whereby no formal procurement process was performed in advance of the purchase. We also noted 2 vendors for which suspension and debarment verification checks were not performed.

Cause: Management oversight.

Effect: The School District did not comply with the procurement and suspension and debarment requirements of the Uniform Guidance.

Recommendation: We recommend the School District establish procedures to ensure compliance with the Procurement and suspension and debarment requirements of the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to ensure compliance with the procurement and suspension and debarment requirements of the Uniform Guidance.

BUTTS COUNTY BOARD OF EDUCATION

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

2022-001. Accounts Receivable and Revenue Recognition

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the School District should review all revenue transactions to determine reporting in the proper period.

Condition: During fiscal year 2022, the School District did not properly record revenue, accounts receivable, and unavailable revenue related to grants and SPLOST revenues.

Auditee response/Status: Unresolved. See current year finding 2023-001.

2022-002. Cash Reconciliations

Criteria: Generally accepted accounting principles ("GAAP") require cash to be monitored and reconciled in a timely manner.

Condition: Internal controls over cash reconciliations were not sufficient to identify adjustment in the Capital Projects Fund and Debt Service Fund.

Context: During our testing of cash, we noted an error in the reconciliation of one cash account.

Audtee response/Status: Resolved

2022-003. Special Education Cluster – Assistance Listing Numbers 84.027 and 84.173 - Procurement

Criteria: The Uniform Guidance requires purchases over certain thresholds to be obtained through competitive bidding or quotes as stated in the Uniform Guidance or as stated in the recipient's purchasing policy, whichever is more restrictive.

Condition: During fiscal year 2022, the School District did not comply with the procurement requirements of the Uniform Guidance.

Audtee response/Status: Unresolved. See current year finding 2023-002.



BUTTS COUNTY SCHOOLS

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MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2023-001 Accounts Receivable and Revenue Recognition.

Name of Contact Person Responsible for Corrective Action Plan: Marcus Taylor, Director of Finance

Corrective Action Plan: Management will implement a process to ensure revenues and receivables are properly recorded. A written procedure will be established to ensure receivables are reviewed and recorded at fiscal year-end, at a minimum.

Anticipated Completion Date: Fiscal year 2027

2023-002 Special Education Cluster – Assistance Listing Numbers 84.027 and 84.173 -Procurement

Name of Contact Person Responsible for Corrective Action Plan: Marcus Taylor, Director of Finance

Corrective Action Plan: Management will implement a process to ensure compliance with the procurement requirements of the Uniform Guidance. Trainings on procurement will be given on at least an annual basis.

Anticipated Completion Date: Fiscal year 2027