

Report on the

# **Autauga County Board of Education**

**Autauga County, Alabama**

**October 1, 2013 through September 30, 2014**

**Filed: April 10, 2015**



## **Department of Examiners of Public Accounts**

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*Ronald L. Jones, Chief Examiner*





Ronald L. Jones  
Chief Examiner

State of Alabama  
Department of  
**Examiners of Public Accounts**

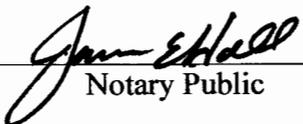
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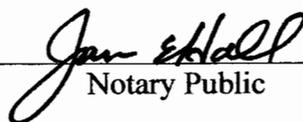
Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, we submit this report on the results of the audit of the Autauga County Board of Education, Autauga County, Alabama, for the period October 1, 2013 through September 30, 2014.

Sworn to and subscribed before me this  
the 31<sup>st</sup> day of March, 2015.

  
\_\_\_\_\_  
Notary Public

Sworn to and subscribed before me this  
the 31<sup>st</sup> day of March, 2015.

  
\_\_\_\_\_  
Notary Public

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Respectfully submitted,

  
Jana White  
Examiner of Public Accounts

  
Brent Mims  
Examiner of Public Accounts



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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Autauga County Board Of Education  
October 1, 2013 through September 30, 2014**

The Autauga County Board of Education (the “Board”) is governed by a five-member body elected by the citizens of Autauga County. The members and administrative personnel in charge of governance of the Board are listed in Exhibit 12. The Board is the governmental agency that provides general administration and supervision for Autauga County public schools, preschool through high school.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Board complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted 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 as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5-14.

An unmodified opinion was issued on the financial statements, which means that the Board’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2014.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

The following officials/employees were invited to an exit conference to discuss the audit report: Hon. Robert Spencer Agee, Superintendent; Alisa Benson, Chief School Financial Officer; Amber D. Anderson, former Chief School Financial Officer; and Board Members: Ledronia Goodwin, Jeffrey Keith, Mark Hindman, Jim Manderson, and Eleanor Ballow. The following individuals attended the exit conference, held at the Board’s offices: Hon. Robert Spencer Agee, Superintendent; Alisa Benson, Chief School Financial Officer; Amber D. Anderson, former Chief School Financial Officer; Board Members: Ledronia Goodwin, Jeffrey Keith, Mark Hindman, Jim Manderson, and Eleanor Ballow; and representatives of the Department of Examiners of Public Accounts: Teresa D. Dekle, Audit Manager; Jana White, Examiner of Public Accounts; and Brent Mims, Examiner of Public Accounts.

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*Independent Auditor's Report*

## **Independent Auditor's Report**

To: Members of the Autauga County Board of Education, Superintendent and Chief School Financial Officer

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Autauga County Board of Education, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Autauga County Board of Education's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

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

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

### **Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Autauga County Board of Education, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 15 to the financial statements, in fiscal year 2014 the Autauga County Board of Education adopted Governmental Accounting Standards Board (GASB) Statement Number 65, ***Items Previously Reported as Assets and Liabilities***. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 and 10) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Autauga County Board of Education's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 11) as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 March 9, 2015, on our consideration of the Autauga County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Autauga County Board of Education's internal control over financial reporting and compliance.



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

March 9, 2015

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*Management's Discussion and Analysis*  
*(Required Supplementary Information)*

**Autauga County Board of Education  
Management's Discussion and Analysis (MD&A)  
September 30, 2014**

**Introduction**

The Management's Discussion and Analysis (MD&A) of Autauga County Board of Education's (the Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended September 30, 2014. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the financial statements and the accompanying notes to enhance their understanding of the Board's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A, and is included in this report.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Board's basic financial statements, which are the government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements.

The first two statements are government-wide financial statements — the *Statement of Net Position* and the *Statement of Activities*. These statements provide both long-term and short-term information about the Board's overall financial status. Although other governments may report governmental activities and business-type activities, the Board has no business-type activities.

The *Statement of Net Position* presents information on all of the Board's assets and deferred outflows of resources less liabilities and deferred inflows of resources, which results in net position. The statement is designed to display the financial position of the Board. Over time, increases and decreases in net position help determine whether the Board's financial position is improving or deteriorating.

The *Statement of Activities* provides information which shows how the Board's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent to which each expenditure function draws from general revenues of the Board (primarily local taxes) or is financed through charges for services (such as lunchrooms) and intergovernmental aid (primarily federal programs and state appropriations).

The fund financial statements provide more detailed information about the Board's most significant funds — not the Board as a whole. A fund is a grouping of related accounts that is used to keep track of specific sources of funding and spending for particular purposes. The Board uses fund accounting to ensure and demonstrate fiscal accountability. The Board only uses governmental funds, which are presented in the fund financial statements.

Governmental funds - The Board's activities are reported in governmental funds. These funds focus on how money flows into and out of those activities, and reflects the balances left at year-end that are available for spending. The governmental funds statements — the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* — are reported using an accounting method called modified accrual accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to explain the relationship (or differences) between them (Exhibits 4 and 6).

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in the audit report.

In addition to the basic financial statements and the accompanying notes, this report also presents certain *Required Supplementary Information* (RSI) in addition to the MD&A. The RSI consists of a budgetary comparison schedule for the general fund and each major special revenue fund that has a legally adopted annual budget. The schedule includes an accompanying note explaining the differences between actual amounts as reported on the basis of budgeting and the GAAP basis of reporting.

## **Financial Analysis of the Board as a Whole**

As noted earlier, the Autauga County Board of Education has no business-type activities. Consequently, all of the Board's net position is reported as Governmental Activities.

	<b>Net Position</b>	
	September 30, 2013	September 30, 2014
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 6,124,475.47	\$ 7,016,251.59
Cash with Fiscal Agent	\$ 1,507,227.17	\$ 1,312,710.67
Investments	\$ 386,588.53	\$ 386,975.11
Receivables (Note 4)	\$ 663,123.79	\$ 822,002.90
Ad Valorem Taxes Receivable, net	\$ 6,526,021.02	\$ 6,647,613.00
Prepaid Items	\$ 34,132.34	\$ 33,102.02
Inventories	\$ 286,935.81	\$ 305,462.39
Capital Assets (Note 5):		
Nondepreciable	\$ 5,415,516.16	\$ 5,415,516.16
Depreciable, Net	<u>\$70,897,369.96</u>	<u>\$68,788,062.60</u>
Total assets	<u>\$91,841,390.25</u>	<u>\$90,727,696.44</u>
<b><u>Liabilities</u></b>		
Payables (Note 8)	\$ 690,415.80	\$ 270,876.95
Deferred Revenue	\$ 7,020,452.22	
Unearned Grant Revenue		\$ 29,346.02
Salaries and Benefits Payable	\$ 5,374,674.93	\$ 5,701,478.87
Accrued Interest Payable	\$ 483,618.47	\$ 497,945.86
Long-term liabilities:		
Portion Due or Payable Within One Year	\$ 3,200,112.35	\$ 2,991,768.17
Portion Payable After One Year	\$32,543,625.29	\$29,551,857.13
<b><u>Deferred Inflows of Resources:</u></b>		
Unavailable Revenue – Property Taxes		\$ 6,554,966.48
Revenue Received in Advance – MV Taxes		<u>\$ 341,391.46</u>
Total Liabilities and Deferred Inflows Of Resources	<u>\$49,312,899.06</u>	<u>\$45,939,630.94</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	\$ 40,737,485.22	\$ 41,659,953.46
Restricted for:		
Debt Service	\$ 1,784,968.16	\$ 2,065,977.25
Child Nutrition Program	\$ 1,711,008.97	\$ 1,581,026.35
Other Purposes		\$ 93,804.25
Unrestricted	<u>\$(1,704,971.16)</u>	<u>\$( 612,695.81)</u>
Total Net Position	<u>\$ 42,528,491.19</u>	<u>\$ 44,788,065.50</u>

The Board's assets exceeded liabilities by \$44,788,065.50 at the close of the fiscal year. The majority of the Board's net position is invested in capital assets (land, buildings, and equipment) owned by the Board. These assets are not available for future expenditures since they will not be sold.

The Board's total revenues and expenditures are reflected in the following chart:

	<b>Changes in Net Position</b>	
	<u>Governmental Activities</u>	
	<u>September 30, 2013</u>	<u>September 30, 2014</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 6,401,246.11	\$ 6,400,496.12
Operating Grants and Contributions	\$53,645,760.47	\$ 54,712,770.27
Capital Grants and Contributions	\$ 2,774,570.28	\$ 3,041,107.69
General Revenues:		
Property Taxes	\$ 6,477,755.47	\$ 6,558,970.32
Local Sales Tax	\$ 5,657,363.57	\$ 5,627,316.43
Other Taxes	\$ 49,031.85	\$ 45,962.82
Grants/Contributions Not Restricted		
For Specific Programs	\$ 129,149.48	\$ 82,815.22
Investment Earnings	\$ 67,855.88	\$ 95,786.55
Other General Revenues	<u>\$ 2,238,329.26</u>	<u>\$ 2,232,051.76</u>
Total Revenues	<u>\$77,441,062.37</u>	<u>\$78,797,277.18</u>
<u>Expenses</u>		
Instruction	\$45,007,315.82	\$44,610,117.28
Instructional Support Services	\$ 9,513,690.75	\$10,108,447.14
Operation & Maintenance Services	\$ 5,348,169.96	\$ 5,622,741.16
Student Transportation Services	\$ 5,662,057.78	\$ 5,603,781.91
Food Services	\$ 6,219,331.55	\$ 5,878,254.20
General Administrative Services	\$ 2,478,072.30	\$ 1,840,382.76
Debt service-Interest	\$ 1,975,045.58	\$ 1,310,849.03
Other Expenses	<u>\$ 1,345,256.40</u>	<u>\$ 1,563,129.39</u>
Total Expenses	<u>\$77,548,940.14</u>	<u>\$76,537,702.87</u>
Change in Net Position	\$ (107,877.77)	\$ 2,259,574.31
Net position, beginning	<u>\$42,636,368.96</u>	<u>\$42,528,491.19</u>
Net position, ending	<u>\$42,528,491.19</u>	<u>\$44,788,065.50</u>

Program revenues, specifically operating grants and contributions, are the largest component of total revenues (81%). Capital grants and contributions include state capital outlay funds (Public School Funds) and state funds to replace buses (Fleet Renewal).

- Charges for services include federal reimbursement for meals, student meal purchases, and local school revenues.

General revenues, primarily property taxes and sales taxes, are used to provide \$14,642,903.10 for expenses not covered by program revenues.

Instructional services expenses, primarily salaries and benefits for classroom teachers, are the largest expense function of the Board (58%).

- Instruction includes salaries and benefits for teachers, teacher aides, and substitute teachers, as well as expenses for textbooks, depreciation of instructional buildings, professional development, classroom instructional materials, supplies, and equipment.
- Instructional support services include salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, and school nurses, as well as expenses for their professional development.
- Operation and maintenance services include salaries and benefits for security services, janitorial services, and maintenance services, as well as expenses for utilities, property services, and depreciation of maintenance vehicles.
  - Unallocated depreciation is used to report depreciation expense only for those assets that are used by multiple functions.
- Transportation services include salaries and benefits for supervisors, bus drivers, mechanics, bus aides, and clerical staff, as well as expenses for transportation services, vehicle maintenance and repairs, gasoline and diesel fuel, depreciation of buses and bus shops, and fleet insurance.
- Food services include salaries and benefits for supervisor, bookkeeper, secretary, lunchroom managers, cooks, servers, cashiers, and maintenance worker, as well as expenses for purchased food, food preparation and service supplies, kitchen and lunchroom equipment, and depreciation of equipment and facilities.
- General administrative services include salaries and benefits for the superintendent, chief school financial officer, directors, coordinator, administrative assistant, clerical personnel, financial staff, and other personnel that provide system-wide support for the school system. Also included are legal expenses, liability insurance, training for board members and general administrative staff, printing costs, and depreciation of central office equipment and facilities.
- Debt services include principal and interest payments on short-term debt and long-term debt issues, and other expenses related to the issuance and continuance of debt issues.
- Other expenses include the salaries and benefits for adult and continuing education teachers, preschool teachers and aides, extended day personnel, and community education instructors. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the K through 12 instructional programs.

### **Financial Analysis of the Board's Funds**

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent, and what is available for future expenditures. The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's governmental funds reported combined ending fund balances of \$3,626,057.90. The Board has three major funds: General Fund, Special Revenue Fund and the Debt Service Fund.

**General Fund** – The General Fund accounts for the primary operations of the Board, and consists mostly of state funds and revenues from local sales and ad valorem tax.

- Beginning Fund Balance is \$(2,935,510.74).
- Revenues of \$61,548,899.34 and Expenditures of \$59,862,065.99 resulted in an excess of Revenues over Expenditures in the amount of \$1,686,833.35.
- Other Financing Sources of \$735,228.74 and Other Financing Uses – Transfers Out to the Child Nutrition Program for Salary Raises and Benefits – of \$1,653,406.88 resulted in a Net Changes in Fund Balance of \$768,655.21.
- Ending Fund Balance, as a result of Revenues/Other Financing Sources and Expenditures/Other Financing Uses, is \$(2,166,855.53).

**Special Revenue Fund** – The Special Revenue Fund accounts for financial resources used for specific projects. It specifically consists of federal funds, public local school funds, and Child Nutrition Program Funds.

- Beginning Fund Balance is \$3,170,538.03.
- Revenues of \$12,188,809.32 and Expenditures of \$13,366,976.12 resulted in a deficiency of Revenues under Expenditures in the amount of \$(1,178,166.80).
- Other Financing Sources of \$1,586,102.72 and Other Financing Uses of \$303,841.16 resulted in a Net Change in Fund Balance of \$104,094.76.
- Ending Fund Balance, as a result of Revenues/Other Financing Sources and Expenditures/Other Financing Uses, is \$3,274,632.79.

**Debt Service Fund** – The Debt Service Fund accounts for the accumulation of the payments to be used to pay principal and interest on short- and long-term debt.

- Beginning Fund Balance is \$2,191,836.31.
- Revenues of \$1,410,439.87 and Expenditures of \$2,897,208.45 resulted in a deficiency balance of Revenues under Expenditures in the amount of \$1,486,768.58.
- Other Financing Sources of \$1,730,523.50 resulted in a Net Change in Fund Balance of \$243,754.92.
- Ending Fund Balance, as a result of Revenues/Other Financing Sources, is \$2,435,591.23.

**Other Governmental Fund** – The Capital Projects Fund accounts for financial resources used in the acquisition and/or construction of capital outlay.

- Beginning Fund Balance is \$16,097.58.
- Revenues of \$3,647,299.49 and Expenditures of \$1,917,488.32 resulted in an excess balance of Revenues over Expenditures in the amount of \$1,729,811.17
- Other Financing Sources of \$50,094.66 and Other Financing Uses of \$(1,713,314.00) resulted in a Net Change in Fund Balance of \$66,591.83
- Ending Fund Balance, as a result of Revenues/Other Financing Sources and Expenditures/Other Financing Uses, is \$82,689.41.

## **General Fund and Overall Budgetary Highlights**

On or before October 1<sup>st</sup> of each year, the Board is mandated by state law to prepare and submit to the State Superintendent of Education an adopted annual budget. The fiscal year 2014 original budget reflects the Board's strategy to operate all academic programs in accordance with level funding similar to that of the 2013 fiscal year funding. Expenditures were budgeted conservatively based upon actual expenditures during the 2013 fiscal year, with any deviations from this strategy based upon actual known circumstances at the time of the original budget. The Board adopted Amendment #1 to budget federal carryover funds from fiscal year 2013, to budget items not known at the time of the original budget submission, and to comply with certain program requirements. Over the course of the year, the Board revised the annual operating budget once.

For purposes of this budgetary analysis, and in accordance with the new reporting model, only the General Fund of the Board is specifically discussed.

Overall, the first and final amended budget is reflective of the actual operating activity for the year.

## **Capital Assets and Debt Administration**

*Capital Assets* - At September 30, 2014, the Board had approximately \$74,203,578.76 invested in capital assets including land, land improvements, buildings, equipment, furniture and vehicles costing \$5,000 or more. This amount is net of accumulated depreciation to date.

### **Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities	
	September 30, 2013	September 30, 2014
Land Improvements (Inexhaustible) \$	5,415,516.16	\$ 5,415,516.16
Construction in Progress		
Land Improvements (Exhaustible)	863,129.27	924,542.20
Buildings	73,843,757.06	73,843,757.06
Building Improvements	14,826,655.93	14,826,655.93
Equipment and Furniture	3,406,216.82	3,733,517.65
Vehicles	10,486,720.87	10,675,641.57
Assets under Capital Lease	1,466,783.12	1,466,783.12
Accumulated Depreciation	(33,995,893.11)	(36,682,834.93)
Total Capital Assets	\$ 76,312,886.12	\$ 74,203,578.76

**Long-Term Debt** - At year-end, the Board had \$32,543,625.30 in long-term debt outstanding. (Additional information on the Board's long-term debt is presented in the notes to the basic financial statements).

**Outstanding Long-Term Debt**  
Governmental Activities  
For the Year Ended September 30, 2014

	Beginning Balance	Net Change	Ending Balance
Bonds and Warrants Payable	\$16,160,599.62	\$(1,253,946.25)	\$14,906,653.37
Funding Agreements Payable	19,200,000.00	(1,815,000.00)	17,385,000.00
Capital Leases Payable	293,554.52	(41,582.59)	251,971.93
Compensated Absences	89,583.50	(89,583.50)	
<b>Total long-term debt</b>	<b>\$35,743,737.64</b>	<b>\$3,200,112.34</b>	<b>\$32,543,625.30</b>

Of the balance of long-term debt, \$2,991,768.17 is due to be paid during the 2014-2015 year. This represents 10% of the total amount of long-term debt.

**Economic Factors and Next Year's Budget**

The following are currently known Autauga County economic factors considered going into the 2014-2015 fiscal year:

- The unemployment rate in Autauga County for December 2014 is 4.5%. This rate is down slightly from 5.1% in December 2013. Also, this rate compares to the Alabama unemployment rate of 5.7% for February 2014.
- Based upon the latest census in 2010, the population estimated for Autauga County in 2013 is 55,246, which represents a slight increase in comparison to 54,571 in the 2010 base year. The census data mirrors stability in Autauga County's residential and commercial sectors.
- Surveys report the 2009-2013 median household income in Autauga County is \$53,682. This number exceeds the Alabama median household income of \$43,253.
- It is expected that property and sales taxes will remain stable over the 2014-2015 fiscal year. Assuming that proration is no longer an issue since the rolling reserve has been put into place, allowable flexibility of certain capital outlay funds and a strategic financial plan should allow the Autauga County School System to further increase the one-month operating reserve by a minimum of 20% for FY15.

***Student Enrollment*** – The Twenty-Day after Labor Day Report reflects an increase in average daily membership of 60 students from the 2013-2014 school year to the 2014-2015 school year.

***Medical and Retirement Costs*** – Employee health insurance is provided through the Public Education Employees' Health Insurance Program (PEEHIP). PEEHIP employer cost for fiscal year 2014 is \$714.00 per employee per month. For the 2015 fiscal year, the PEEHIP cost will increase to \$780 per employee per month. Employer contribution to the Teachers Retirement System is 11.71% for Tier I employees and 11.08% for Tier II employees for the 2014 fiscal year. The employer contribution to the Teachers Retirement System for fiscal year 2015 will be 11.05% for Tier I employees and 11.71% for Tier II employees. The Board must use local funds to pay the salary-related benefit costs not paid by state and federal funds.

### **Contacting the School Board's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Alisa Benson, Chief School Finance Officer, 334.356.5706 extension 10005 during regular office hours, Monday through Friday, from 7:30 a.m. to 4:30 p.m., Central Standard Time.

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# *Basic Financial Statements*

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**Statement of Net Position**  
**September 30, 2014**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash	\$ 7,016,251.59
Cash with Fiscal Agent	1,312,710.67
Investments	386,975.11
Ad Valorem Property Taxes Receivable	6,647,613.00
Receivables (Note 4)	822,002.90
Inventories	305,462.39
Prepaid Items	33,102.02
Capital Assets (Note 5):	
Nondepreciable	5,415,516.16
Depreciable, Net	68,788,062.60
Total Assets	<u>90,727,696.44</u>
<b><u>Liabilities</u></b>	
Payables (Note 8)	270,876.95
Unearned Grant Revenue	29,346.02
Salaries and Benefits Payable	5,701,478.87
Accrued Interest Payable	497,945.86
Long-Term Liabilities:	
Portion Due or Payable Within One Year	2,991,768.17
Portion Due or Payable After One Year	29,551,857.13
Total Liabilities	<u>39,043,273.00</u>
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable Revenue - Property Taxes	6,554,966.48
Revenue Received in Advance - Motor Vehicle Taxes	341,391.46
Total Deferred Inflows of Resources	<u>6,896,357.94</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	41,659,953.46
Restricted for:	
Debt Service	2,065,977.25
Child Nutrition Program	1,581,026.35
Other Purposes	93,804.25
Unrestricted	<u>(612,695.81)</u>
Total Net Position	<u>\$ 44,788,065.50</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

***Statement of Activities***  
***For the Year Ended September 30, 2014***

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b><u>Governmental Activities</u></b>			
Instruction	\$ 44,610,117.28	\$ 1,092,621.43	\$ 35,782,311.03
Instructional Support	10,108,447.14	143,786.90	8,403,595.66
Operation and Maintenance	5,622,741.16	209,864.64	3,594,353.00
Auxiliary Services:			
Student Transportation	5,603,781.91	294,402.26	4,384,105.38
Food Service	5,878,254.20	4,391,727.76	325,245.56
General Administrative	1,840,382.76		1,241,773.29
Interest and Fiscal Charges	1,310,849.03		
Other Expenses	1,563,129.39	268,093.13	981,386.35
Total Governmental Activities	<u>\$ 76,537,702.87</u>	<u>\$ 6,400,496.12</u>	<u>\$ 54,712,770.27</u>

**General Revenues:**

Taxes:
Property Taxes for General Purposes
Sales Tax
Other Taxes
Grants and Contributions Not Restricted for Specific Programs
Investment Earnings
Miscellaneous
Total General Revenues
Changes in Net Position
Net Position - Beginning of Year
Net Position - End of Year

The accompanying Notes to the Financial Statements are an integral part of this statement.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities</u>
\$ 2,453,107.69	\$ (5,282,077.13)
	(1,561,064.58)
	(1,818,523.52)
588,000.00	(337,274.27)
	(1,161,280.88)
	(598,609.47)
	(1,310,849.03)
	(313,649.91)
<u>\$ 3,041,107.69</u>	<u>(12,383,328.79)</u>

6,558,970.32
5,627,316.43
45,962.82
82,815.22
95,786.55
2,232,051.76
<u>14,642,903.10</u>
2,259,574.31
42,528,491.19
<u>\$ 44,788,065.50</u>

***Balance Sheet***  
***Governmental Funds***  
***September 30, 2014***

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b><u>Assets</u></b>		
Cash	\$ 3,494,963.07	\$ 2,316,049.72
Cash with Fiscal Agent		
Investments		386,975.11
Ad Valorem Property Taxes Receivable	6,647,613.00	
Receivables (Note 4)	72,227.02	628,936.42
Interfund Receivables	117,176.85	125,748.11
Inventories		305,462.39
Prepaid Items	33,102.02	
Total Assets	<u>10,365,081.96</u>	<u>3,763,171.75</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Payables (Note 8)	32,562.64	211,176.14
Interfund Payables	125,748.11	23,806.73
Unearned Grant Revenue		29,346.02
Salaries and Benefits Payable	5,477,268.80	224,210.07
Total Liabilities	<u>5,635,579.55</u>	<u>488,538.96</u>
<b><u>Deferred Inflows of Resources</u></b>		
Unavailable Revenue - Property Taxes	6,554,966.48	
Revenue Received in Advance - Motor Vehicle Taxes	341,391.46	
Total Deferred Inflows of Resources	<u>6,896,357.94</u>	
<b><u>Fund Balances</u></b>		
Nonspendable:		
Prepaid Items	33,102.02	
Inventories		305,462.39
Restricted:		
Capital Projects		
Debt Service		
Child Nutrition Program		1,275,563.96
Other Purposes		93,804.25
Assigned:		
Local Schools		1,599,802.19
Unassigned	(2,199,957.55)	
Total Fund Balances	<u>(2,166,855.53)</u>	<u>3,274,632.79</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,365,081.96</u>	<u>\$ 3,763,171.75</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,122,880.56	\$ 82,358.24	\$ 7,016,251.59
1,312,710.67		1,312,710.67
		386,975.11
		6,647,613.00
	120,839.46	822,002.90
		242,924.96
		305,462.39
		33,102.02
<u>2,435,591.23</u>	<u>203,197.70</u>	<u>16,767,042.64</u>
	27,138.17	270,876.95
	93,370.12	242,924.96
		29,346.02
		5,701,478.87
	<u>120,508.29</u>	<u>6,244,626.80</u>
		6,554,966.48
		341,391.46
		<u>6,896,357.94</u>
		33,102.02
		305,462.39
	82,689.41	82,689.41
2,435,591.23		2,435,591.23
		1,275,563.96
		93,804.25
		1,599,802.19
		(2,199,957.55)
<u>2,435,591.23</u>	<u>82,689.41</u>	<u>3,626,057.90</u>
<u>\$ 2,435,591.23</u>	<u>\$ 203,197.70</u>	<u>\$ 16,767,042.64</u>

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***Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position  
September 30, 2014***

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Total Fund Balances - Governmental Funds \$ 3,626,057.90

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

Capital assets used in governmental activities are not financial resources and therefore  
are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 110,886,413.69	
Accumulated Depreciation is	<u>(36,682,834.93)</u>	
		74,203,578.76

Long-term liabilities, including bonds/warrants payable, are not due and payable in the  
current period and therefore are not reported as liabilities in the funds.

Current Portion of Long-Term Debt	2,991,768.17	
Noncurrent Portion of Long-Term Debt	<u>29,551,857.13</u>	
		(32,543,625.30)

Interest on long-term debt is not accrued in the funds but rather is recognized as an  
expenditure when due.

Accrued Interest Payable	<u>\$ 497,945.86</u>	
		<u>(497,945.86)</u>

Total Net Position - Governmental Activities		<u><u>\$ 44,788,065.50</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

***Statement of Revenues, Expenditures and Changes in Fund Balances***  
***Governmental Funds***  
***For the Year Ended September 30, 2014***

	General Fund	Special Revenue Fund
<b><u>Revenues</u></b>		
State	\$ 49,923,921.37	\$
Federal	489,374.01	6,904,614.43
Local	10,759,432.87	4,992,283.43
Other	376,171.09	291,911.46
Total Revenues	<u>61,548,899.34</u>	<u>12,188,809.32</u>
<b><u>Expenditures</u></b>		
Current:		
Instruction	39,043,013.38	3,782,911.75
Instructional Support	8,944,825.89	1,080,029.73
Operation and Maintenance	5,177,288.81	368,296.99
Auxiliary Services:		
Student Transportation	4,843,515.34	194,697.61
Food Service	577.69	5,953,805.10
General Administrative	1,555,074.85	359,215.13
Other	95,850.87	1,434,877.45
Capital Outlay	201,919.16	193,142.36
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
Other Debt Service		
Total Expenditures	<u>59,862,065.99</u>	<u>13,366,976.12</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,686,833.35</u>	<u>(1,178,166.80)</u>
<b><u>Other Financing Sources (Uses)</u></b>		
Indirect Cost	420,630.77	
Transfers In	303,841.16	1,586,102.72
Other Financing Sources	1,829.16	
Sale of Capital Assets	8,927.65	
Transfers Out	(1,653,406.88)	(303,841.16)
Total Other Financing Sources (Uses)	<u>(918,178.14)</u>	<u>1,282,261.56</u>
Net Changes in Fund Balances	768,655.21	104,094.76
Fund Balances - Beginning of Year	<u>(2,935,510.74)</u>	<u>3,170,538.03</u>
Fund Balances - End of Year	<u>\$ (2,166,855.53)</u>	<u>\$ 3,274,632.79</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 21,775.20	\$ 3,012,447.49	\$ 52,958,144.06
		7,393,988.44
1,388,664.67	634,852.00	17,775,232.97
		668,082.55
<u>1,410,439.87</u>	<u>3,647,299.49</u>	<u>78,795,448.02</u>
	40,292.65	42,866,217.78
		10,024,855.62
		5,545,585.80
		5,038,212.95
		5,954,382.79
		1,914,289.98
		1,530,728.32
	367,353.64	762,415.16
2,045,000.00	1,065,528.84	3,110,528.84
847,558.45	444,313.19	1,291,871.64
4,650.00		4,650.00
<u>2,897,208.45</u>	<u>1,917,488.32</u>	<u>78,043,738.88</u>
<u>(1,486,768.58)</u>	<u>1,729,811.17</u>	<u>751,709.14</u>
		420,630.77
1,730,523.50	50,094.66	3,670,562.04
		1,829.16
		8,927.65
	(1,713,314.00)	(3,670,562.04)
<u>1,730,523.50</u>	<u>(1,663,219.34)</u>	<u>431,387.58</u>
243,754.92	66,591.83	1,183,096.72
2,191,836.31	16,097.58	2,442,961.18
<u>\$ 2,435,591.23</u>	<u>\$ 82,689.41</u>	<u>\$ 3,626,057.90</u>

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***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2014***

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Net Changes in Fund Balances - Total Governmental Funds \$ 1,183,096.72

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

Capital Outlays	\$ 762,415.16	
Depreciation Expense	<u>(2,835,623.84)</u>	(2,073,208.68)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 3,110,528.84

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by this amount.

Proceeds from Sale of Capital Assets	\$ (8,927.65)	
Loss on Disposition of Capital Assets	<u>(27,171.03)</u>	(36,098.68)

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.

Accrued Interest Payable, Current Year Increase/(Decrease)	\$ 14,327.39	
Compensated Absences, Current Year Increase/(Decrease) in Noncurrent Portion	<u>(89,583.50)</u>	<u>75,256.11</u>

Change in Net Position of Governmental Activities \$ 2,259,574.31

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Statement of Fiduciary Net Position**  
**September 30, 2014**

	<b>Private-Purpose Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 691.92	\$ 4,259.31
Investments	220,000.00	
Total Assets	<u>220,691.92</u>	<u>4,259.31</u>
<b><u>Liabilities</u></b>		
Payables (Note 8)		4,259.31
Total Liabilities		<u>\$ 4,259.31</u>
<b><u>Net Position</u></b>		
Held for Individuals/Organizations	220,691.92	
Total Net Position	<u>\$ 220,691.92</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

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***Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2014***

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	<b>Private-Purpose Trust Funds</b>
<b><u>Additions</u></b>	
Earnings on Investments	\$ 1,426.94
Total Additions	<u>1,426.94</u>
<b><u>Deductions</u></b>	
Instructional Support	1,500.00
Total Deductions	<u>1,500.00</u>
Changes in Net Position	(73.06)
Net Position - Beginning of Year	<u>220,764.98</u>
Net Position - End of Year	<u>\$ 220,691.92</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Autauga County Board of Education (the “Board”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

#### **A. Reporting Entity**

The Board is governed by a separately elected board composed of five members elected by the qualified electors of the County. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the County.

Generally accepted accounting principles (GAAP) require that the financial reporting entity consist of the primary government and its component units. Accordingly, the accompanying financial statements present the Board (a primary government).

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Board.

#### **B. Government-Wide and Fund Financial Statements**

##### **Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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The statement of activities presents a comparison between direct expenses and program revenues for each function of the Board'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. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program 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 Board's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Board reports the following major governmental funds:

- ◆ **General Fund** – The general fund is the primary operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. The Board primarily receives revenues from the Education Trust Fund (ETF) and local taxes. Amounts appropriated from the ETF were allocated to the school board on a formula basis.
- ◆ **Special Revenue Fund** – This fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Various federal and local funding sources are included in this fund. Some of the significant federal funding sources include the federal funds that are received for Special Education, Title I, and the Child Nutrition Program in addition to various smaller grants which are required to be spent for the purposes of the applicable federal grants. Also, included in this fund are the public and non-public funds received by the local schools which are generally not considered restricted or committed.
- ◆ **Debt Service Fund** – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and the accumulation of resources for principal and interest payments maturity in future years.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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The Board reports the following fund type in the Other Governmental Funds' column:

#### *Governmental Fund Type*

- ◆ **Capital Projects Fund** – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Board reports the following fiduciary fund types:

#### *Fiduciary Fund Types*

- ◆ **Agency Funds** – These funds are used to report assets held by the Board in a purely custodial capacity. The Board collects these assets and transfers them to the proper individual, private organization, or other government.
- ◆ **Private-Purpose Trust Funds** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

#### *C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

**D. Assets, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances**

**1. Deposits and Investments**

Cash includes cash on hand and demand deposits.

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by the pledged of the three-mill school tax and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for money market investments, which are reported at amortized cost, and certificates of deposit, which are reported at cost. The Board reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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#### **2. Receivables**

Sales tax receivables are based on the amounts collected within 60 days after year-end.

Millage rates for property taxes are levied at the first regular meeting of the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

#### **3. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

#### **4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **5. Restricted Assets**

Included in cash and cash with fiscal agents on the balance sheet are certain assets which are considered restricted. Certain funds received from the State Department of Education for capital projects and improvements, as well as certain resources set aside for repayment of debt, are considered restricted assets because they are maintained separately and their use is limited. The Public School Capital Projects, Fleet Renewal, Bond Issue Payments, Bonds and Warrants, and Qualified Zone Academy Bonds funding sources are used to report proceeds that are restricted for use in various construction projects and the purchases of school buses. The Debt Service Fund is used to report resources set aside to pay the principal and interest on debt as it becomes due.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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**6. Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Land Improvements	\$50,000	20 years
Buildings	\$50,000	25 – 50 years
Building Improvements	\$50,000	5 – 30 years
Equipment and Furniture	\$ 5,000	5 – 20 years
Vehicles	\$ 5,000	8 – 15 years
Equipment Under Capital Lease	\$ 5,000	5 – 20 years

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

**8. Deferred Inflows of Resources**

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position, similar to liabilities.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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#### **9. Net Position/Fund Equity**

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

- ◆ **Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets plus or minus any deferred outflows of resources and deferred inflows of resources that are attributable to those assets or related debt. Any significant unspent related debt proceeds and any deferred outflows or inflows at year-end related to capital assets are not included in this calculation.
- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – Is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted portion of net position. Assignments and commitments of unrestricted net position should not be reported on the face of the Statement of Net Position.

Fund balance is reported in governmental funds in the fund financial statements under the following five categories:

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Board, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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- D. Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board authorized the Superintendent or Chief School Financial Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

**Note 2 – Stewardship, Compliance, and Accountability**

**A. Budgets**

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Also, motor vehicle ad valorem tax revenues are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Special Revenue Fund budgets on a basis of accounting consistent with GAAP with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting. Capital Projects Funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

On or before October 1 of each year, each county board of education shall prepare and submit to the State Superintendent of Education the annual budget to be adopted by the Autauga County Board of Education. The Superintendent or County Board of Education shall not approve any budget for operations of the school for any fiscal year which shall show expenditures in excess of income estimated to be available plus any balances on hand.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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**B. Deficit Fund Balances/Net Position of Individual Funds**

The General Fund has a deficit fund balance of \$2,166,855.53 at September 30, 2014, due to the recognition of accrued wages and benefits at September 30<sup>th</sup> for days worked, but not yet paid, based on the teacher's contract rate.

**Note 3 – Deposits and Investments**

**A. Deposits**

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

All of the Board's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

**B. Cash with Fiscal Agent**

As of September 30, 2014, the Board's cash with fiscal agent was invested as follows:

Investments	Fair Value
First American U. S. Treasury Obligation Fund	\$1,190,496.92
First American Prime Obligation Fund	122,213.75
Total	<u>\$1,312,710.67</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All funds shown in the table of investments were rated AAAM-G by Standard and Poor’s and Aaa by Moody’s. The Board does not have a formal investment policy that addresses credit risk.

**Custodial Credit Risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Board does not have an investment policy that limits the amount of securities that can be held by counterparties.

**Concentrations 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 Board does not have a formal policy that places limits on the amount the Board may invest in any one issuer.

**Note 4 – Receivables**

On September 30, 2014, receivables for the Board’s individual major funds in the aggregate are as follows:

	General Fund	Special Revenue Fund	Other Governmental Fund	Total
<b>Receivables:</b>				
Intergovernmental	\$46,991.32	\$617,858.32	\$111,155.46	\$776,005.10
Other	25,235.70	11,078.10	9,684.00	45,997.80
Total Receivables	<u>\$72,227.02</u>	<u>\$628,936.42</u>	<u>\$120,839.46</u>	<u>\$822,002.90</u>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2014**

**Note 5 – Capital Assets**

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/01/2013	Additions	Retirements	Balance 09/30/2014
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 5,415,516.16	\$	\$	\$ 5,415,516.16
Total Capital Assets, Not Being Depreciated	5,415,516.16			5,415,516.16
Capital Assets Being Depreciated:				
Land Improvements, Exhaustible	863,129.27	61,412.93		924,542.20
Buildings	73,843,757.06			73,843,757.06
Building Improvements	14,826,655.93			14,826,655.93
Equipment and Furniture	3,406,216.82	361,207.73	(33,906.90)	3,733,517.65
Vehicles	10,486,720.87	339,794.50	(150,873.80)	10,675,641.57
Assets Under Capital Lease	1,466,783.12			1,466,783.12
Total Capital Assets Being Depreciated	104,893,263.07	762,415.16	(184,780.70)	105,470,897.53
Less Accumulated Depreciation for:				
Land Improvements, Exhaustible	(100,638.25)	(44,165.42)		(144,803.67)
Buildings	(20,034,611.46)	(1,448,196.96)		(21,482,808.42)
Building Improvements	(5,848,041.03)	(426,399.01)		(6,274,440.04)
Equipment and Furniture	(2,608,332.39)	(278,671.12)	27,982.98	(2,859,020.53)
Vehicles	(5,021,130.28)	(583,157.56)	120,699.04	(5,483,588.80)
Assets Under Capital Lease	(383,139.70)	(55,033.77)		(438,173.47)
Total Accumulated Depreciation	(33,995,893.11)	(2,835,623.84)	148,682.02	(36,682,834.93)
Total Capital Assets Being Depreciated, Net	70,897,369.96	(2,073,208.68)	(36,098.68)	68,788,062.60
Total Governmental Activities Capital Assets, Net	\$ 76,312,886.12	\$(2,073,208.68)	\$ (36,098.68)	\$ 74,203,578.76

Depreciation expense was charged to functions/programs of the primary government as follows:

	Current Year Depreciation Expense
<b>Governmental Activities:</b>	
Instruction	\$1,743,899.50
Instructional Support	83,591.52
Operation and Maintenance	77,155.36
Auxiliary Services:	
Student Transportation	565,568.96
Food Services	328,072.63
General Administrative and Central Support	4,934.80
Other	32,401.07
Total Depreciation Expense – Governmental Activities	<u>\$2,835,623.84</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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#### Note 6 – Defined Benefit Pension Plan

##### A. Plan Description

The Board contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the Board are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of the Board. Benefits vest after 10 years of creditable service.

The provisions of Act Number 2012-377, Acts of Alabama, established a new defined benefit plan tier for employees (Tier 2). Tier 2 employees are those hired on or after January 1, 2013. Employees who were hired before January 1, 2013 are considered to be Tier 1 employees.

Vested Tier 1 employees may retire with full benefits at age 60 or after 25 years of service. Vested Tier 2 employees may retire after completing at least 10 years of service at the age of 62. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method Tier 1 retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service, whereas Tier 2 retirees are allowed 1.6500% of their average final salary (best five of the last ten years) for each year of service with a benefit cap of 80% of the average final salary. Retirees may also elect to receive a reduced retirement allowance (*Special Privileges at Retirement*) in order to provide an allowance to a designated beneficiary after the member's death. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama 1975*, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 201 South Union Street, Montgomery, Alabama 36130-2150.

#### **B. Funding Policy**

Tier 1 employees are required to contribute 7.5 percent of their salary to the Teachers' Retirement System, whereas Tier 2 employees are required to contribute 6 percent of their salary. The Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by the Board and the Board's employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2014	2013	2012
Total Percentage of Covered Payroll (Tier 1)	19.21%	17.58%	17.25%
Total Percentage of Covered Payroll (Tier 2)	17.08%	15.44%	
<b>Contributions:</b>			
Percentage Contributed by the Board (Tier 1)	11.71%	10.08%	10.00%
Percentage Contributed by the Employees (Tier 1)	7.50%	7.50%	7.25%
Percentage Contributed by the Board (Tier 2)	11.08%	9.44%	
Percentage Contributed by the Employees (Tier 2)	6.00%	6.00%	
Contributed by the Board	\$4,805,894.50	\$4,088,568.35	\$4,101,377.90
Contributed by Employees	3,056,838.85	3,039,321.98	2,973,498.96
Total Contributions	<u>\$7,862,733.35</u>	<u>\$7,127,890.33</u>	<u>\$7,074,876.86</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

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**Note 7 – Other Postemployment Benefits (OPEB)**

**A. Plan Description**

The Board contributes to the Alabama Retired Education Employees’ Health Care Trust (the “Trust”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees and was established in 2007 under the provisions of Act Number 2007-16, Acts of Alabama, as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees’ Health Insurance Board (PEEHIB) members. The *Code of Alabama 1975*, Section 16-25A-4, provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years. The Trust issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Public Education Employees’ Health Insurance Plan website, <http://www.rsa-al.gov/PEEHIP/peehip.html> under the Trust Fund Financials tab.

**B. Funding Policy**

The Public Education Employees’ Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 83-455, Acts of Alabama, to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the PEEHIB. Any Trust fund assets used in paying administrative costs and retiree benefits are transferred to and paid from the PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and if excess funds are determined to be available, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust. Retirees are required to contribute monthly as follows:

	Fiscal Year 2014
Individual Coverage – Non-Medicare Eligible	\$151.00
Individual Coverage – Medicare Eligible	\$ 10.00
Family Coverage – Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$391.00
Family Coverage – Non-Medicare Eligible Retired Member and Dependent Medicare Eligible	\$250.00
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$250.00
Family Coverage – Medicare Eligible Retired Member and Dependent Medicare Eligible	\$109.00
Surviving Spouse – Non-Medicare Eligible	\$679.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	\$870.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	\$839.00
Surviving Spouse – Medicare Eligible	\$318.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	\$516.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	\$485.00

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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For employees that retire other than for disability on or after October 1, 2005 and before January 1, 2012, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium. Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. In addition, non-Medicare eligible employees are required to pay 1% more for each year less than 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premium no longer applies, but the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes are being phased in over a 5 year period. The tobacco premium is \$28.00 per month for retired members that smoke.

The Board is required to contribute at a rate specified by the State for each active employee. The Board's share of premiums for retired Board employees health insurance is included as part of the premium for active employees. The following shows the required contributions in dollars and the percentage of that amount contributed for Board retirees:

Fiscal Year Ended September 30,	Active Health Insurance Premiums Paid By Board	Amount of Premium Attributable to Retirees	Percentage of Active Employee Premiums Attributable to Retirees	Total Amount Paid Attributable to Retirees	Percentage of Required Amount Contributed
2014	\$714.00	\$220.09	30.83%	\$2,823,546.02	100%
2013	\$714.00	\$216.90	30.38%	\$2,784,754.45	100%
2012	\$714.00	\$228.85	32.05%	\$2,962,765.69	100%

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

**Note 8 – Payables**

On September 30, 2014, payables for the Board’s individual major funds and fiduciary funds in the aggregate are as follows:

	Vendors	Other	Total Payables
<b><u>Governmental Activities:</u></b>			
General Fund	\$ 32,562.64	\$	\$ 32,562.64
Special Revenue Fund	211,176.14		211,176.14
Capital Projects Fund	27,138.17		27,138.17
Total Governmental Activities	270,876.95		270,876.95
<b><u>Fiduciary Activities:</u></b>			
Agency Fund	\$	\$4,259.31	\$ 4,259.31

**Note 9 – Lease Obligations**

**Capital Leases**

The Board is obligated under other certain leases accounted for as capital leases. Assets under capital leases totaled \$1,466,783.12 at September 30, 2014. If the Board completes the lease payments according to the schedule below, which is the stated intent of the Board, ownership of the leased equipment will pass to the Board.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 2014.

Fiscal Year Ending	Governmental Activities
September 30, 2015	\$ 57,706.00
2016	57,706.00
2017	57,706.00
2018	32,355.00
2019	32,355.00
2020-2021	64,522.17
Total Minimum Lease Payments	302,350.17
Less: Amount Representing Interest	50,378.24
Present Value of Net Minimum Lease Payments	\$251,971.93

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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**Note 10 – Long-Term Debt**

The Board is obligated for the Qualified School Construction Bond, Series 2010, issued for the purpose of funding capital improvement. The Board’s obligation is paid solely from the Board’s portion of the Public School Funds received from the State of Alabama.

The Limited Obligation Warrant, Series 2010, dated April 15, 2010, was issued to complete the athletic facilities at the new Marbury High School and for improvements to the Marbury Middle School.

The Capital Improvement Pool Refunding Bonds, Series 2009B, dated October 21, 2009, were issued for the purpose of fully refunding the Board’s Capital Improvement Pool Warrants, Series 1999D and partially refunding the Capital Improvement Pool Warrants, Series 2001A.

In prior fiscal years, the Board, as part of a pooled bond issuance with other school systems within the State of Alabama, issued Capital Improvement Pool Bonds, Series 2008A and Series 2001A in anticipation of their Public School Fund allocations, which are received from the Alabama Department of Education. The Alabama Department of Education withholds the required debt service payments from the Board’s Public School Fund allocation. The proceeds from these bonds provided funds for the acquisition, construction and renovation of school facilities. In the prior year, the Board issued the PSCA Refunding Warrants, Series 2011B to refund the remaining outstanding Leveraged PSF, 2001A.

The Capital Outlay School Refunding Warrants, Series 1999A, dated February 1, 1999, were issued for the purpose of currently refunding the Board’s Special Tax School Warrants, Series 1990; to advance refund on the Board’s outstanding Capital Outlay School Warrants, Series 1993; and to pay all issuance expenses and to construct certain capital improvements.

On November 1, 2005, the Autauga County Public Education Cooperative District (the “Cooperative District”) issued \$27,555,000.00 in Limited Obligation School Refunding Bonds entitled Series 2005A pursuant to the provisions of the constitution and laws of the State of Alabama. Simultaneously, the Autauga County Board of Education entered into an agreement with the Cooperative District to obtain funding for various construction projects and renovations. Under the terms of the agreement, the Board will refund Capital Outlay School Warrants, Series 1996, 1997A, 1997B, and 2000. The Board agreed to make payments sufficient to pay principal and interest due on the Limited Obligation School Refunding Bonds, Series 2005A.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2014*

On July 1, 2008, the Cooperative District issued \$3,100,000.00 in Public Education Revenue Warrants, Series 2008 pursuant to the provisions of the constitution and laws of the State of Alabama. Simultaneously, the Autauga County Board of Education entered into an agreement with the Cooperative District to obtain funding for the purpose of constructing the new Marbury High School. Under the terms of the agreement, the Board will construct a new high school. The Board agreed to make payments sufficient to pay principal and interest due on the Public Education Revenue Warrants, Series 2008.

On March 15, 2013, the Board issued a note payable for the purpose of acquiring new school buses.

The following is a summary of long-term debt transactions for the Board for the year ended September 30, 2014:

	Debt Outstanding 10/01/2013	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2014	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds/Warrants and Notes Payable:</b>					
Bonds/Warrants Payable	\$13,730,682.90	\$	\$(1,009,745.18)	\$12,720,937.72	\$ 812,645.14
Long-Term Notes Payable	2,429,916.72		(244,201.07)	2,185,715.65	250,281.68
<b>Total Bonds/Warrants     and Notes Payable</b>	<b>16,160,599.62</b>		<b>(1,253,946.25)</b>	<b>14,906,653.37</b>	<b>1,062,926.82</b>
<b>Other Liabilities:</b>					
Funding Agreements	19,200,000.00		(1,815,000.00)	17,385,000.00	1,885,000.00
Capital Leases	293,554.52		(41,582.59)	251,971.93	43,841.35
Liability for Compensated Absences	89,583.50		(89,583.50)		
<b>Total Other Liabilities</b>	<b>19,583,138.02</b>		<b>(1,946,166.09)</b>	<b>17,636,971.93</b>	<b>1,928,841.35</b>
<b>Governmental Activities     Long-Term Liabilities</b>	<b>\$35,743,737.64</b>	<b>\$</b>	<b>\$(3,200,112.34)</b>	<b>\$32,543,625.30</b>	<b>\$2,991,768.17</b>

Payments on the Limited Obligation Warrant, Series 2010, Capital Improvement Pool Bonds, Series 2008 and 2001A, and Capital Improvement Pool Refunding Bonds, Series 2009B and 2011B are made by the bonds and warrants fund with Public School funds withheld from the Board's allocation from the Alabama Department of Education. Obligations under capital leases are paid by the local schools and by Public School funds. Notes payable are primarily paid from Fleet Renewal Funds.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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The following is a schedule of debt service requirements to maturity:

Fiscal Year Ending	Bonds/Warrants Payable		Long-Term Note Payable	
	Principal	Interest	Principal	Interest
September 30, 2015	\$ 812,645.14	\$ 355,078.67	\$ 250,281.68	\$ 54,424.32
2016	845,377.63	320,991.50	256,513.69	48,192.31
2017	881,956.75	282,676.39	262,900.88	41,805.12
2018	920,981.51	242,331.04	269,447.11	35,258.88
2019	938,672.56	200,129.81	276,156.35	28,549.65
2020-2024	1,853,236.48	603,335.54	870,415.94	43,702.05
2025-2028	6,468,067.65	194,651.33		
Total	<u>\$12,720,937.72</u>	<u>\$2,199,194.28</u>	<u>\$2,185,715.65</u>	<u>\$251,932.33</u>

**Note 11 – Pledged Revenues**

The Board issued Limited Obligation Warrant, Series 2010, which is pledged to be repaid from the Board's proceeds from its share of the Special County License Tax. The proceeds are to be used for the construction of athletic facilities at the new school facility in Marbury for Marbury High School and funding renovations at the current school facility in Marbury that will be converted into Marbury Middle School. Pledged funds in the amount of \$58,750 were used to pay principal and interest on bonds during the fiscal year ended September 30, 2014. Future revenues in the amount of \$326,250.00 are pledged to repay the principal and interest on the warrants at September 30, 2014. This amount represents 100 percent of the pledged funds received by the Board. This warrant will mature in fiscal year 2020.

The Board issued Series 2008A, 2009B and 2011B Capital Improvement Pool Bonds which are pledged to be repaid from their allocation of public school funds received from the State of Alabama. The proceeds are to be used for the acquisition, construction and renovation of school facilities. Future revenues in the amount of \$9,246,804.38 are pledged to repay the principal and interest on the bonds at September 30, 2014. Pledged funds in the amount of \$1,088,680.03 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2014. This amount represents 100 percent of the pledged funds received by the Board. The Series 2008A, Series 2009B and Series 2011B bonds will mature in fiscal years 2028, 2019 and 2021, respectively.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

Funding Agreements		Capital Lease Contracts Payable		Total Principal and Interest Requirements to Maturity
Principal	Interest	Principal	Interest	
\$ 1,885,000.00	\$ 735,598.76	\$ 43,841.35	\$13,864.65	\$ 4,150,734.57
1,655,000.00	660,003.76	46,222.90	11,483.10	3,843,784.89
1,720,000.00	593,601.26	48,729.19	8,976.81	3,840,646.40
1,790,000.00	524,171.26	26,030.22	6,324.78	3,814,544.80
1,865,000.00	449,862.50	27,484.87	4,870.13	3,790,725.87
6,360,000.00	1,339,416.26	59,663.40	4,858.77	11,134,628.44
2,110,000.00	160,767.50			8,933,486.48
<b>\$17,385,000.00</b>	<b>\$4,463,421.30</b>	<b>\$251,971.93</b>	<b>\$50,378.24</b>	<b>\$39,508,551.45</b>

**Note 12 – Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF) part of the State of Alabama, Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state owned properties and county boards of education. The Board pays an annual premium based on the amount of coverage requested. The SIF is self-insured up to \$3.5 million per occurrence and purchases commercial insurance for claims in excess of \$3.5 million. Errors and omissions insurance are purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. Automobile liability insurance is purchased through a private insurer. The ATBE collects the premiums and purchases excess insurance for any amount of coverage requested by pool participants in excess of the coverage provided by the pool. Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF), administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes a specified amount monthly to the PEEHIF for each employee of state educational institutions. The Board's contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the Board's coverage in any of the past three fiscal years.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

The Board does not have insurance coverage of job-related injuries. Board employees who are injured while on the job are entitled to salary and fringe benefits of up to ninety working days in accordance with the *Code of Alabama 1975*, Section 16-1-18.1(d). Any unreimbursed medical expenses and costs which the employee incurs as a result of an on-the-job injury may be filed for reimbursement with the State Board of Adjustment.

**Note 13 – Interfund Transactions**

**Interfund Receivables and Payables**

The interfund receivables and payables at September 30, 2014, were as follows:

	Interfund Receivables		Totals
	General Fund	Special Revenue Fund	
<u>Interfund Payables:</u>			
General Fund	\$	\$125,748.11	\$125,748.11
Special Revenue Fund	23,806.73		23,806.73
Other Governmental Funds	93,370.12		93,370.12
Totals	<u>\$117,176.85</u>	<u>\$125,748.11</u>	<u>\$242,924.96</u>

**Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2014, were as follows:

	Transfers Out			Totals
	General Fund	Special Revenue Fund	Other Governmental Funds	
<u>Transfers In:</u>				
General Fund	\$	\$303,841.16	\$	\$ 303,841.16
Special Revenue Fund	1,586,102.72			1,586,102.72
Debt Service Fund	17,209.50		1,713,314.00	1,730,523.50
Other Governmental Funds	50,094.66			50,094.66
Totals	<u>\$1,653,406.88</u>	<u>\$303,841.16</u>	<u>\$1,713,314.00</u>	<u>\$3,670,562.04</u>

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2014***

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**Note 14 – Related Organization**

A majority of the members of the Autauga County Public Education Cooperative District are appointed by the Autauga County Board of Education. The Board, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for the Cooperative District and the Cooperative District is not considered part of the Board's financial reporting entity. The Cooperative District is considered a related organization of the Autauga County Board of Education.

**Note 15 – Reclassification**

During the fiscal year ended September 30, 2014, the Autauga County Board of Education adopted the GASB Statement Number 65, ***Items Previously Reported as Assets and Liabilities***, (GASB 65) established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses/expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. The implementation of GASB Statement Number 65 resulted in the reclassification of certain items previously reported as assets and liabilities.

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*Required Supplementary Information*

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended September 30, 2014***

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b><u>Revenues</u></b>			
State	\$ 49,839,205.00	\$ 49,844,205.00	\$ 49,923,921.37
Federal	172,137.00	172,137.00	489,374.01
Local	10,350,197.00	10,176,463.86	10,761,783.82
Other	376,607.98	344,525.00	376,171.09
Total Revenues	<u>60,738,146.98</u>	<u>60,537,330.86</u>	<u>61,551,250.29</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction	38,777,979.00	38,578,111.91	38,811,458.94
Instructional Support	8,484,713.00	8,610,529.88	8,879,118.82
Operation and Maintenance	4,841,288.00	5,119,053.53	5,175,378.63
Auxiliary Services:			
Student Transportation	4,952,560.98	5,055,480.15	4,817,842.28
Food Service			577.69
General Administrative	1,697,395.77	1,527,935.22	1,559,565.30
Other	63,883.00	48,282.71	96,804.00
Capital Outlay	155,000.00	131,000.00	201,919.16
Total Expenditures	<u>58,972,819.75</u>	<u>59,070,393.40</u>	<u>59,542,664.82</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,765,327.23</u>	<u>1,466,937.46</u>	<u>2,008,585.47</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Indirect Cost	139,156.05	445,287.23	420,630.77
Transfers In	428,145.00	238,775.00	303,841.16
Other Financing Sources	122,015.00	2,000.00	1,829.16
Sale of Capital Assets	5,000.00	5,000.00	8,927.65
Transfers Out	(2,061,496.00)	(1,521,226.04)	(1,653,406.88)
Total Other Financing Sources (Uses)	<u>(1,367,179.95)</u>	<u>(830,163.81)</u>	<u>(918,178.14)</u>
Net Change in Fund Balances	398,147.28	636,773.65	1,090,407.33
Fund Balances - Beginning of Year	<u>3,000,000.00</u>	<u>2,557,809.92</u>	<u>2,561,397.40</u>
Fund Balances - End of Year	<u>\$ 3,398,147.28</u>	<u>\$ 3,194,583.57</u>	<u>\$ 3,651,804.73</u>

	<b>Budget to GAAP Differences</b>	<b>Actual Amounts GAAP Basis</b>
	\$	\$ 49,923,921.37
		489,374.01
(1)	(2,350.95)	10,759,432.87
		376,171.09
	<u>(2,350.95)</u>	<u>61,548,899.34</u>
(2)	231,554.44	39,043,013.38
(2)	65,707.07	8,944,825.89
(2)	1,910.18	5,177,288.81
(2)	25,673.06	4,843,515.34
		577.69
(2)	(4,490.45)	1,555,074.85
(2)	(953.13)	95,850.87
		201,919.16
	<u>319,401.17</u>	<u>59,862,065.99</u>
	<u>(321,752.12)</u>	<u>1,686,833.35</u>
		420,630.77
		303,841.16
		1,829.16
		8,927.65
		<u>(1,653,406.88)</u>
		<u>(918,178.14)</u>
	(321,752.12)	768,655.21
(3)	<u>(5,496,908.14)</u>	<u>(2,935,510.74)</u>
	<u>\$ (5,818,660.26)</u>	<u>\$ (2,166,855.53)</u>

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***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended September 30, 2014***

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**Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:**

The Board budgets on the modified accrual basis of accounting with the following exceptions:

- (1) The Board budgets motor vehicle ad valorem taxes to the extent they are expected to be received in the current fiscal period, rather than on the modified accrual basis.
- (2) Salaries of teachers and other personnel with contracts of less than 12 months are paid over a 12 month period. Expenditures for salaries (and related fringe benefits) are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported as expenditures on the financial statements.

Net Decrease in Fund Balance - Budget to GAAP

- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Board's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

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\$ (2,350.95)

(319,407.17)

\$ (321,758.12)

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Special Revenue Fund  
For the Year Ended September 30, 2014***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
<b>Revenues</b>			
State	\$ 321,725.00	\$ 321,725.00	\$
Federal	7,436,076.00	8,008,848.37	6,904,614.43
Local	5,368,585.61	5,368,585.61	4,992,283.43
Other	150,500.00	150,500.00	291,911.46
Total Revenues	13,276,886.61	13,849,658.98	12,188,809.32
<b>Expenditures</b>			
Current:			
Instruction	4,523,921.57	4,602,784.37	3,782,911.75
Instructional Support	1,350,049.76	1,401,233.28	1,080,029.73
Operation and Maintenance	337,635.00	347,635.00	368,284.89
Auxiliary Services:			
Student Transportation	247,893.79	252,211.23	194,697.61
Food Service	5,728,535.00	6,031,316.45	5,946,414.43
General Administrative	384,867.06	410,393.79	359,215.13
Other	1,506,977.46	1,740,859.34	1,434,877.45
Capital Outlay	22,700.00	191,700.00	193,142.36
Total Expenditures	14,102,579.64	14,978,133.46	13,359,573.35
Excess (Deficiency) of Revenues Over Expenditures	(825,693.03)	(1,128,474.48)	(1,170,764.03)
<b>Other Financing Sources (Uses)</b>			
Transfers In	2,311,244.00	1,719,484.63	1,586,102.72
Transfers Out	(497,908.00)	(488,523.00)	(303,841.16)
Total Other Financing Sources (Uses)	1,813,336.00	1,230,961.63	1,282,261.56
Net Change in Fund Balances	987,642.97	102,487.15	111,497.53
Fund Balances - Beginning of Year	2,737,847.22	3,608,110.31	3,387,345.33
Fund Balances - End of Year	\$ 3,725,490.19	\$ 3,710,597.46	\$ 3,498,842.86

<b>Budget to GAAP Differences</b>		<b>Actual Amounts GAAP Basis</b>	
\$		\$	
			6,904,614.43
			4,992,283.43
			291,911.46
			<u>12,188,809.32</u>
			3,782,911.75
			1,080,029.73
(1)	12.10		368,296.99
			194,697.61
(1)	7,390.67		5,953,805.10
			359,215.13
			1,434,877.45
			193,142.36
	<u>7,402.77</u>		<u>13,366,976.12</u>
	<u>(7,402.77)</u>		<u>(1,178,166.80)</u>
			1,586,102.72
			<u>(303,841.16)</u>
			<u>1,282,261.56</u>
	(7,402.77)		104,094.76
(2)	<u>(216,807.30)</u>		<u>3,170,538.03</u>
\$	<u>(224,210.07)</u>	\$	<u>3,274,632.79</u>

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***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Special Revenue Fund  
For the Year Ended September 30, 2014***

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**Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:**

The Board budgets on the modified accrual basis of accounting with the following exceptions:

- (1) Salaries of teachers and other personnel with contracts of less than 12 months are paid over a 12 month period. Expenditures for salaries (and related fringe benefits) are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related fringe benefits) earned but not paid are reported as expenditures on the financial statements.

Net Decrease in Fund Balance - Budget to GAAP

- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Board's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

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\$ (7,402.77)

\$ (7,402.77)

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*Supplementary Information*

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>U. S. Department of Agriculture</u></b>		
<b><u>Passed Through Alabama Department of Education</u></b>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	N.A.
National School Lunch Program:		
Cash Assistance	10.555	N.A.
Non-Cash Assistance (Commodities)	10.555	N.A.
Sub-Total National School Lunch Program		
Total Child Nutrition Cluster/U. S. Department of Agriculture		
<b><u>U. S. Department of Education</u></b>		
<b><u>Passed Through Alabama Department of Education</u></b>		
Title I Grants to Local Educational Agencies (M)	84.010	N.A.
Special Education Cluster:		
Special Education - Grants to States	84.027	N.A.
Special Education - Preschool Grants	84.173	N.A.
Sub-Total Special Education Cluster		
Career and Technical Education - Basic Grants to States	84.048	N.A.
Twenty-First Century Community Learning Centers (M)	84.287	N.A.
English Language Acquisition State Grants	84.365	N.A.
Improving Teacher Quality State Grants	84.367	N.A.
<b><u>Direct Program</u></b>		
Impact Aid	84.041	N.A.
Total U. S. Department of Education		
<b><u>Social Security Administration</u></b>		
<b><u>Passed Through Alabama Department of Education</u></b>		
Social Security - Disability Insurance	96.001	N.A.
<b><u>Other Federal Assistance</u></b>		
<b><u>U. S. Department of Defense</u></b>		
<b><u>Direct Program</u></b>		
Air Force ROTC	N.A.	N.A.
Total U. S. Department of Defense		
Total Expenditures of Federal Awards		

(M) - Major Programs

N.A. - Not Available or Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10/01/2013-09/30/2014	\$ 616,458.91	\$ 616,458.91	\$ 616,458.91	\$ 616,458.91
10/01/2013-09/30/2014	1,922,778.41	1,922,778.41	1,922,778.41	1,922,778.41
10/01/2013-09/30/2014	328,960.43	328,960.43	328,960.43	328,960.43
	<u>2,251,738.84</u>	<u>2,251,738.84</u>	<u>2,251,738.84</u>	<u>2,251,738.84</u>
	<u>2,868,197.75</u>	<u>2,868,197.75</u>	<u>2,868,197.75</u>	<u>2,868,197.75</u>
10/01/2013-09/30/2014	1,821,053.53	1,821,053.53	1,420,449.18	1,420,449.18
10/01/2013-09/30/2014	1,823,373.00	1,823,373.00	1,810,984.15	1,810,984.15
10/01/2013-09/30/2014	29,734.00	29,734.00	29,734.00	29,734.00
	<u>1,853,107.00</u>	<u>1,853,107.00</u>	<u>1,840,718.15</u>	<u>1,840,718.15</u>
10/01/2013-09/30/2014	112,856.00	112,856.00	112,856.00	112,856.00
10/01/2013-09/30/2014	1,109,984.86	1,109,984.86	741,881.40	741,881.40
10/01/2013-09/30/2014	43,230.10	43,230.10	30,664.20	30,664.20
10/01/2013-09/30/2014	363,916.88	363,916.88	223,862.43	223,862.43
10/01/2013-09/30/2014	82,815.22	82,815.22	82,815.22	82,815.22
	<u>5,386,963.59</u>	<u>5,386,963.59</u>	<u>4,453,246.58</u>	<u>4,453,246.58</u>
10/01/2013-09/30/2014	2,900.00	2,900.00	2,900.00	2,900.00
10/01/2013-09/30/2014	69,644.11	69,644.11	69,644.11	69,644.11
	<u>69,644.11</u>	<u>69,644.11</u>	<u>69,644.11</u>	<u>69,644.11</u>
	<u>\$ 8,327,705.45</u>	<u>\$ 8,327,705.45</u>	<u>\$ 7,393,988.44</u>	<u>\$ 7,393,988.44</u>

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2014***

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Autauga County Board of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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## *Additional Information*

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***Board Members and Administrative Personnel***  
***October 1, 2013 through September 30, 2014***

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**Board Members**

**Term Expires**

Hon. Jeffrey Keith	Chairman	November 2016
Hon. Jim Manderson	Vice-Chairman	November 2016
Hon. Ledronia Goodwin	Member	November 2016
Hon. Mark Hindman	Member	November 2016
Hon. Eleanor Ballow	Member	November 2016

**Administrative Personnel**

Hon. Robert Spencer Agee	Superintendent	January 2017
Alisa Benson	Chief School Financial Officer	Indefinite
Amber D. Anderson	Chief School Financial Officer	June 24, 2014

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***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***

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**Independent Auditor's Report**

To: Members of the Autauga County Board of Education, Superintendent and Chief School Financial Officer

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Autauga County Board of Education as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Autauga County Board of Education's basic financial statements and have issued our report thereon dated March 9, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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***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***

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**Compliance and Other Matters**

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

**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.



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

March 9, 2015

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***Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by OMB Circular A-133***

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***Independent Auditor's Report***

To: Members of the Autauga County Board of Education, Superintendent and Chief School Financial Officer

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Autauga County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Autauga County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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***Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by OMB Circular A-133***

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***Opinion on Each Major Federal Program***

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

***Report on Internal Control Over Compliance***

Management of the Autauga County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Autauga County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Autauga County Board of Education's internal control over compliance.

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

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

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***Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by OMB Circular A-133***

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Ronald L. Jones  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

March 9, 2015

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2014***

**Section I – Summary of Examiner's Results**

**Financial Statements**

Type of opinion issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes     X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes     X  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee?  X  Yes    \_\_\_\_\_ No

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2014***

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**Section II – Financial Statement Findings (GAGAS)**

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable.	

**Section III – Federal Awards Findings and Questioned Costs**

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			No matters were reportable.	