

Annual Financial Report

Fiscal Year Ended June 30, 2012



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BARTOW COUNTY BOARD OF EDUCATION

Annual Financial Report

Fiscal Year Ended June 30, 2012

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
The Bartow County Board of Education
Cartersville, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education (the "School District"), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Bartow County Board of Education, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2013, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bartow County Board of Education's basic financial statements. The Schedule of State Revenue, Schedule of Quality Basic Education (QBE) Program Allotments and Expenditures by Program, and the Schedule of Expenditures of Educational Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial auditing statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williamson and Company

Williamson and Company
Certified Public Accountants
January 28, 2013

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

INTRODUCTION

Our discussion and analysis of the Bartow County Board of Education's financial performance provides an overview of the School District financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District financial performance.

FINANCIAL HIGHLIGHTS

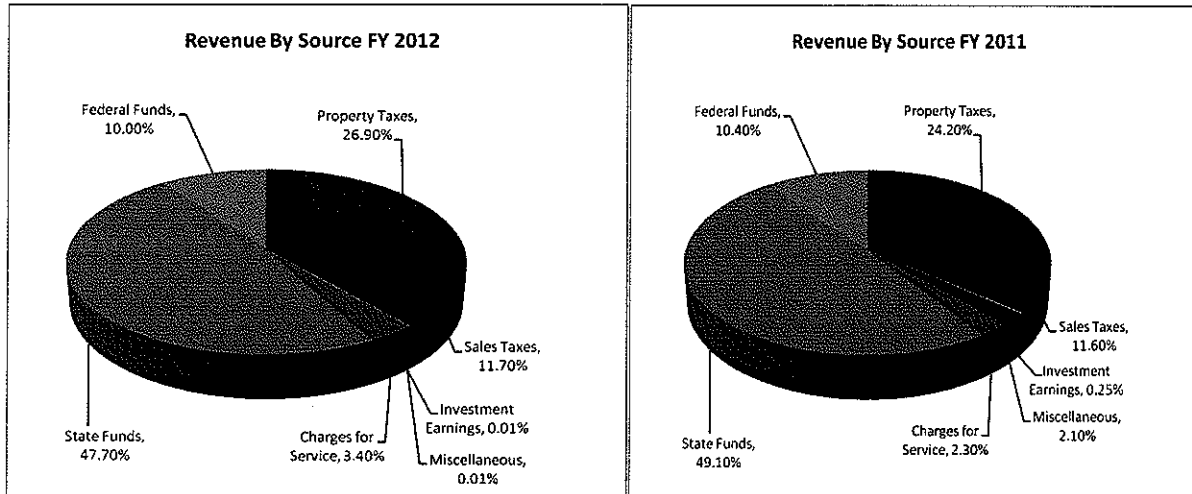
Key financial highlights for fiscal year 2012 are as follows:

In total, combined net assets increased \$4.7 million which represents a 1.9% increase from the prior year.

- Combined general revenues for governmental activities accounted for \$62.4 million or 43.8% of all revenues. Program specific revenues – charges for services, grants and contributions accounted for \$79.9 million or 56.1% of total revenues of \$142.3 million. Total combined revenues were \$9.6 million or 6.3% less than the prior year.
- Combined general revenues for the year were from Federal, State, and Local sources, with the State QBE appropriation, proceeds from the Educational Local Option Sales Tax, and local property tax assessments providing the bulk of the resources. The percentage breakdown by source is as follows: Property Taxes 26.9%; Sales Taxes 11.7%; State funds 47.7%; Federal funds 10.0% Charges for services 3.4%; Investment earnings .01% and Miscellaneous .01%.
- The School District had \$137.5 million in expenses related to governmental activities and \$79.9 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$62.4 million provided the remaining support for these programs.
- Among major funds, the General Fund had \$122.5 million in revenues and \$127.8 million in expenditures and the capital project fund had \$19.9 million in revenues and \$18.5 million in expenditures (excluding transfers to debt service fund). Fund balance decreased for the General Fund by \$5.2 million and the fund balance decreased for capital projects by \$14.9 million.

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The following charts show the source of governmental activities revenue for the current and prior fiscal years.



OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of statements and notes to the statements. These statements are presented so the reader can understand the School District as a financial whole or its individual fund level.

The system-wide financial statements include the statement of net assets and statement of activities and the supporting notes to these statements. These statements provide aggregated information about the activities of the School District, presenting both short-term and long-term information about the School District's overall financial status.

At the next level, the fund financial statements focus on individual parts of the School District, reporting operation's in more detail and includes the supporting notes to these statements. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary fund statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Bartow County School System, the General Fund, District-Wide Capital Project Fund, and Debt Service Fund are the most significant funds. These funds are reported as major funds and therefore are not non-major funds.

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The notes to the financial statements provide additional detailed information that is essential to understanding data provided in the system-wide and fund level statements. The notes can be found on pages 23-39 of this report.

System-Wide Statements

The District-wide statements are designed to provide readers with a broad overview of the finances. This view of the School District as a whole looks at financial transactions and asks these questions, "How did we do financially in fiscal year 2012 and are we in a better financial position this year than last?"

The statement of net assets and statement of activities provide the basis for answering this question. These statements are presented using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenditures regardless of when cash is received or paid.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether our financial position is improving or deteriorating.

The statement of activities presents information showing how the School District's net assets changed during the fiscal year. The causes of this change may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, and other factors.

In the Statements of Net Assets and Activities the School District has one type of activity-governmental. Governmental activities includes all programs of instruction, support services, operating and maintenance of plant, administration, pupil transportation, school nutrition, after school and school activity accounts.

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the system-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM AS A WHOLE

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for the current and prior fiscal years:

**Table 1
Condensed Statement of Net Assets
June 30**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 116,321,611	\$ 134,362,685
Capital Assets	<u>242,140,481</u>	<u>231,347,813</u>
Total Assets	<u>358,462,092</u>	<u>365,710,498</u>
Liabilities		
Current and Other Liabilities	22,043,333	19,258,707
Long-term Liabilities	<u>91,807,057</u>	<u>106,581,532</u>
Total Liabilities	<u>113,850,390</u>	<u>125,840,239</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	151,763,269	125,702,353
Restricted	69,369,103	84,843,522
Unrestricted	<u>23,479,330</u>	<u>29,324,384</u>
Total Net Assets	<u>244,611,702</u>	<u>\$ 239,870,259</u>

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table 2 shows the changes in net assets for the current and prior fiscal years:

**Table 2
Changes in Net Assets
June 30**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 2,998,505	\$ 3,480,209
Operating Grants and Contributions	73,555,540	79,945,131
Capital Grants and Contributions	3,313,523	1,777,382
Total Program Revenues	<u>79,867,568</u>	<u>85,202,722</u>
General Revenues:		
Taxes		
Property Taxes	36,843,637	36,829,913
Sales Taxes	16,620,934	17,468,425
Other Taxes	438,872	-
Grants and Contributions not Restricted to		
Specific Programs	5,446,997	7,964,256
Investment Earnings	135,411	382,710
Gain on Sale of Capital Assets	60,112	-
Miscellaneous	2,839,595	4,021,152
Total General Revenues	<u>62,385,558</u>	<u>66,666,456</u>
Total Revenues	<u>142,253,126</u>	<u>151,869,178</u>
Program Expenses		
Instruction	90,762,998	88,864,862
Support Services		
Pupil Services	3,920,665	3,857,331
Improvement of Instructional Services	1,172,910	1,008,327
Educational Media Services	2,188,912	2,276,477
General Administration	1,640,405	1,756,497
School Administration	7,835,908	8,291,875
Business Administration	1,318,782	1,137,868
Maintenance and Operations of Plant	10,009,198	9,838,778
Student Transportation Services	6,973,992	7,405,173
Central Support Services	2,425,356	2,438,764
Other Support Services	202,700	183,318
Operations of Non-Instructional Services		
Miscellaneous Non-Instructional Services	-	2,595,296
Food Services	7,448,711	6,611,941
Interest on Long-Term Debt	<u>1,611,146</u>	<u>2,054,744</u>
Total Expenses	<u>137,511,683</u>	<u>138,321,251</u>
Change in Net Assets	4,741,443	13,547,927
Net Assets, Beginning of Year	<u>239,870,259</u>	<u>226,322,332</u>

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Governmental Activities

As reported in the statement of activities, the cost of all our governmental activities this year was \$137,511,683. Instructional program expenses of \$90,763,001 represent 66.0% of the total. Interest expense was attributable to the various outstanding bond issues and represents 1.2% of total expenses.

Although program revenues make up a majority (56.1%) of the combined revenues, the School District is dependent upon general revenues (property tax, sales tax and other non-restricted revenues) to cover the net cost of services. For 2012, general revenues represented 43.9% or \$62,385,558 of total revenues in the amount of \$142,253,126.

The statement of activities, on page 15, shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted federal and state entitlements.

**Table 3
Statement of Activities
June 30**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 90,763,001	\$ 88,864,862	\$(34,319,304)	\$(28,310,886)
Support Services				
Pupil Services	3,920,665	3,857,331	(2,841,092)	(3,049,707)
Improvement of				
Instructional Services	1,172,910	1,008,327	645,845	(33,816)
Educational Media Services	2,188,912	2,276,477	(617,565)	(461,418)
General Administration	1,640,405	1,756,497	424,298	1,037,872
School Administration	7,835,908	8,291,875	(4,692,869)	(4,492,562)
Business Administration	1,318,782	1,137,868	(1,313,936)	(1,120,032)
Maintenance and Operation				
of Plant	10,009,198	9,838,778	(5,817,164)	(5,543,143)
Student Transportation				
Services	6,973,992	7,405,173	(5,255,641)	(4,962,545)
Central Support Services	2,425,356	2,438,764	(2,418,486)	(2,416,212)
Other Support Services	202,700	183,318	(108,946)	(97,443)
Food Services	7,448,711	6,611,941	281,889	435,207
Misc. Non-Instructional Svcs.	0	2,595,296	0	(2,049,100)
Interest on Short-term and				
Long-term Debt	1,611,644	2,054,744	(1,611,146)	(2,054,744)
Total Program Expenses	<u>\$ 137,511,683</u>	<u>\$138,321,251</u>	<u>\$(57,644,117)</u>	<u>\$(53,118,529)</u>

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources (excluding transfers) of \$143,256,652 and expenditures and other financing uses (excluding transfers) of \$163,957,911 for a \$(20,701,011) decrease in fund balance. The total governmental fund balance for 2012 is comprised of the following:

**Table 4
Governmental Fund Balances
June 30**

	<u>2012</u>	<u>2011</u>
General Fund	\$ 24,205,709	\$ 29,432,300
Capital Projects Fund	68,025,603	82,910,389
Debt Service Fund	<u>1,343,500</u>	<u>1,933,133</u>
Total Fund Balance	<u><u>\$ 93,574,562</u></u>	<u><u>\$ 114,275,822</u></u>

The \$5.2 million decrease for the General Fund balance was the result of expenses exceeding revenues. The revenues decreased due to a reduced tax digest along with expenses for healthcare and retirement benefits increasing significantly.

The \$14.9 million decrease for District-Wide Capital Project Fund balance reflected the use of bond proceeds to complete Cloverleaf Elementary School and begin construction of Adairsville Middle School. SPLOST collections decreased 4.8% from the previous year.

General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia Law.

- The most significant budgeted fund is the General Fund. During 2012, the School District amended its General Fund Budget as needed.
- For the General Fund, the final actual revenues and other financing sources of \$122,559,402 were greater than the original budgeted amount of \$116,826,561 by \$5,732,841. This difference was due largely to the prior year carryover of special revenue funds and a change in recording ad valorem revenues to the gross amount.
- The final actual expenditures and other financing uses of \$127,785,993 were more than the original budgeted amount of \$127,265,526 by \$520,467.

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

- Overall, the 2012 actual general fund expenditures exceeded the actual general fund revenues and other financing sources by \$5,226,591.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year June 30, 2012, the School System had \$242,140,481 invested in capital assets, all in governmental activities. Additional information about capital assets can be found in the notes to the financial statements. Table 5 reflects these balances.

**Table 5
Capital Assets (net of depreciation)
June 30**

	<u>2012</u>	<u>2011</u>
Land	\$ 16,712,842	\$ 16,712,842
Construction in Progress	18,722,491	2,980,102
Land Improvements	4,843,194	5,258,936
Buildings	195,164,897	198,236,264
Equipment	<u>6,697,057</u>	<u>8,159,669</u>
Total Capital Assets	<u>\$ 242,140,481</u>	<u>\$ 231,347,813</u>

Construction in progress at year end includes \$13,654,198 of construction cost for the new Cloverleaf Elementary, \$4,693,620 of costs for Adairsville Middle School, \$374,673 of engineering cost for the New Emerson Elementary, and the balance for a roof retrofit at South Central Middle School.

Debt

At the end of fiscal year June 30, 2012, the School System had \$86,430,000 in general obligation bonds outstanding, with \$14,445,000 due within one year. Debt service payments are made from the proceeds of the Educational Local Option Sales Tax. Table 6 summarizes general obligation bonds outstanding. Additional information about long-term debt can be found in the notes to the financial statements.

Compensated absences outstanding at June 30, 2012 were \$678,570 compared to \$561,072 in the prior year.

**BARTOW COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Table 6
General Obligation Debt
June 30**

	<u>2012</u>	<u>2012</u>
Series 2008 G. O. Bonds	12,490,000	24,505,000
Series 2009 G. O. Bonds	3,980,000	5,865,000
Series 2010 G. O. Bonds	<u>69,960,000</u>	<u>69,960,000</u>
Total General Obligation bonds	<u>\$ 86,430,000</u>	<u>\$ 100,330,000</u>

At June 30, 2012, the School District's legal debt margin was \$116,132,879. The School District maintains an "AA+" bond rating as determined by Standard and Poor's Ratings Services.

CURRENT ISSUES

- The School District's gross tax digest experienced a four percent decrease which is expected to have leveled off and begin to stabilize the effect on General Fund fund balance.
- Capital Improvements – The School District is currently constructing a new replacement facility for Adairsville Elementary. Plans for an Emerson Elementary School replacement are underway and construction is expected to begin in FY2013.

CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the business office at Bartow County Schools, 65 Gilreath Road, Cartersville, GA 30120, or 770-606-5800.

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BASIC FINANCIAL STATEMENTS



BARTOW COUNTY BOARD OF EDUCATION

Statement of Net Assets

June 30, 2012

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 27,281,809
Restricted Cash	29,708,134
Investments	43,015,180
Receivables	
Taxes	1,468,872
State Government	10,370,939
Federal Government	3,069,366
Other	352,753
Inventory	563,416
Deferred Charges	491,141
Capital Assets, Nondepreciable	35,435,331
Capital Assets, Net	206,705,150
Total Assets	<u>358,462,092</u>
Liabilities	
Accounts Payable	4,859,282
Salaries and Benefits Payable	15,383,404
Accrued Interest Payable	763,438
Retainage Payable	1,037,209
Long-term Liabilities	
Due Within One Year	14,808,240
Due in More Than One Year	76,998,817
Total Liabilities	<u>113,850,390</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	151,763,269
Restricted For:	
Capital Projects	68,025,603
Debt Service	1,343,500
Unrestricted	<u>23,479,330</u>
Total Net Assets	<u>\$ 244,611,702</u>

The accompanying notes are an integral part of this financial statement.

BARTOW COUNTY BOARD OF EDUCATION

Statement of Activities For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities :					
Instruction	\$ 90,762,998	\$ 750,868	\$ 52,396,008	\$ 3,296,821	\$ (34,319,301)
Support Services					
Pupil Services	3,920,665	-	1,079,573	-	(2,841,092)
Improvement of Instruction Services	1,172,910	-	1,818,754	-	645,844
Educational Media Services	2,188,912	-	1,571,347	-	(617,565)
General Administration	1,640,405	-	2,064,703	-	424,298
School Administration	7,835,908	-	3,143,039	-	(4,692,869)
Business Administration	1,318,782	-	4,846	-	(1,313,936)
Maintenance and Operations	10,009,198	-	4,192,034	-	(5,817,164)
Student Transportation Services	6,973,992	-	1,718,351	-	(5,255,641)
Central Support Services	2,425,356	-	6,870	-	(2,418,486)
Other Support Services	202,700	-	93,754	-	(108,946)
Operations of Noninstructional Services:					
Food Services Operations	7,448,711	2,247,637	5,466,261	16,702	281,889
Interest on Long-term Debt	1,611,146	-	-	-	(1,611,146)
Total Governmental Activities	<u>\$ 137,511,683</u>	<u>\$ 2,998,505</u>	<u>\$ 73,555,540</u>	<u>\$ 3,313,523</u>	<u>(57,644,115)</u>
General Revenues:					
Taxes:					
Property Tax, Levied for General Purposes					36,843,637
Educational Local Option Sales Tax					16,620,934
Intangible Tax					370,283
Other Taxes					68,589
Gain On Asset Disposal					60,112
Grants and Contributions Not Restricted to Specific Programs					5,446,997
Unrestricted Investment Earnings					135,411
Miscellaneous					<u>2,839,595</u>
Total General Revenues					<u>62,385,558</u>
Change in Net Assets					4,741,443
Net Assets - Beginning of Year					<u>239,870,259</u>
Net Assets - End of Year					<u>\$ 244,611,702</u>

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

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BARTOW COUNTY BOARD OF EDUCATION

Balance Sheet Governmental Funds June 30, 2012

	General Fund	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 27,281,809	\$ -	\$ -	\$ 27,281,809
Restricted Cash	-	28,364,634	1,343,500	29,708,134
Investments	1,003,040	42,012,140	-	43,015,180
Receivables				
Taxes	1,468,872	-	-	1,468,872
State Government	8,733,439	1,637,501	-	10,370,939
Federal Government	3,069,366	-	-	3,069,366
Other	270,311	82,442	-	352,753
Inventory	563,416	-	-	563,416
Total Assets	\$ 42,390,253	\$ 72,096,717	\$ 1,343,500	\$ 115,830,471
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 1,825,377	\$ 3,033,905	\$ -	\$ 4,859,282
Salaries and Benefits Payable	15,538,939	-	-	15,538,939
Retainage Payable	-	1,037,209	-	1,037,209
Deferred Revenue	820,228	-	-	820,228
Total Liabilities	18,184,544	4,071,114	-	22,255,658
Fund Balances				
Nonspendable				
Inventory	563,416	-	-	563,416
Restricted				
Debt Service	-	-	1,343,500	1,343,500
Capital Projects	-	68,025,603	-	68,025,603
Unassigned	23,642,293	-	-	23,642,293
Total fund balances	24,205,709	68,025,603	1,343,500	93,574,812
Total Liabilities and Fund Balances	\$ 42,390,253	\$ 72,096,717	\$ 1,343,500	\$ 115,830,470
Total Fund Balances Governmental Funds				\$ 93,574,812

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

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

Cost	315,911,364	
Less Accumulated Depreciation	(73,770,883)	242,140,481

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

Property Taxes	820,227
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	(86,430,000)	
Bond Premium, Net of Amortization	(3,947,212)	
Loss on Bond Refunding, Net of Amortization	49,971	
Bond Issuance Costs, Net of Amortization	441,170	
Long Term Portion of Claims Payable	(596,239)	
Accrued Interest	(763,438)	
Compensated Absences	(678,070)	(91,923,819)

Net Assets Of Governmental Activities \$ 244,611,702

The accompanying notes are an integral part of this financial statement.

BARTOW COUNTY BOARD OF EDUCATION
Statement of Revenues, Expenditure and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	District Wide Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Local Sources	\$ 38,260,479	\$ 16,620,934	\$ -	\$ 54,881,413
State Funds	64,944,392	2,966,080	-	67,910,472
Federal Funds	14,170,062	-	-	14,170,062
Charges for Services	4,786,458	-	-	4,786,458
Investment Earnings	135,411	274,851	1,660	411,922
Miscellaneous	194,489	54,230	-	248,718
Total Revenues	122,491,292	19,916,094	1,660	142,409,046
Expenditures				
Current				
Instruction	85,648,466	28,742	-	85,677,208
Support Services:				
Pupil Services	3,860,185	-	-	3,860,185
Improvement of Instructional Services	1,172,171	-	-	1,172,171
Educational Media Services	2,160,524	20,026	-	2,180,550
General Administration	1,271,545	-	-	1,271,545
School Administration	7,542,296	-	-	7,542,296
Business Administration	1,294,067	-	-	1,294,067
Maintenance and Operations	9,157,834	579,500	-	9,737,334
Student Transportation Services	6,270,764	181,481	-	6,452,244
Central Supports Services	1,614,167	766,900	-	2,381,067
Other Support Services	202,627	-	-	202,627
Other Miscellaneous Operations	-	-	-	-
Food Services Operation	7,591,346	-	-	7,591,346
Capital Outlay	-	16,945,093	-	16,945,093
Debt Service				
Principal Retirement	-	-	13,900,000	13,900,000
Interest and Fees	-	250	2,970,182	2,970,432
Total Expenditures	127,785,993	18,521,992	16,870,182	163,178,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,294,701)	1,394,103	(16,868,522)	(20,769,120)
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	68,110	-	-	68,110
Transfers In	-	-	16,278,889	16,278,889
Transfers Out	-	(16,278,889)	-	(16,278,889)
Total Other Financing Sources (Uses)	68,110	(16,278,889)	16,278,889	68,109
Net Change in Fund Balances	(5,226,591)	(14,884,786)	(589,633)	(20,701,011)
Fund Balance, Beginning of Year	29,432,300	82,910,389	1,933,133	114,275,822
Fund Balance, End of Year	\$ 24,205,709	\$ 68,025,603	\$ 1,343,500	\$ 93,574,811

The accompanying notes are an integral part of this financial statement.

BARTOW COUNTY BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (20,701,011)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense is as follows:

Capital Outlay	\$ 17,675,754	
Depreciation Expense	<u>(6,907,906)</u>	10,767,848

The net effect of various miscellaneous transactions involving capital assets is an increase in net assets. (7,998)

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

Property Taxes (200,284)

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

Principal Payments - Bonds 13,900,000

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 the governmental funds.

Change in Compensated Absences	(116,998)	
Amortization of Bond Premium	1,463,720	
Amortization of Deferred Charge on Refunding	(45,483)	
Amortization of Bond Issuance Costs	(201,545)	
Change in Claims Payable	(221,239)	
Change in Accrued Interest	<u>104,433</u>	<u>982,888</u>

Change in Net Assets of Governmental Activities \$ 4,741,443

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

BARTOW COUNTY BOARD OF EDUCATION**General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local Sources	\$ 38,305,428	\$ 36,570,018	\$ 38,260,479	\$ 1,690,461
State Funds	66,820,673	66,790,929	64,944,392	(1,846,536)
Federal Funds	11,700,460	15,159,683	14,170,062	(989,621)
Charges for Services	-	2,351,774	4,786,458	2,434,684
Investment Earnings	-	112,398	135,411	23,013
Miscellaneous	-	-	194,489	194,489
Total Revenues	<u>116,826,561</u>	<u>120,984,802</u>	<u>122,491,292</u>	<u>1,506,490</u>
Expenditures				
Instruction	82,636,753	86,546,878	85,648,466	898,412
Support Services:				
Pupil Services	3,555,534	4,177,956	3,860,185	317,771
Improvement of Instructional Services	2,208,076	1,517,029	1,172,171	344,858
Educational Media Services	2,227,993	2,228,293	2,160,524	67,769
General Administration	1,316,176	1,458,130	1,271,545	186,585
School Administration	8,101,591	7,921,818	7,542,296	379,522
Business Administration	955,429	942,171	1,294,067	(351,896)
Maintenance and Operations	9,028,226	9,471,749	9,157,834	313,916
Student Transportation Services	6,277,457	6,826,504	6,270,764	555,740
Central Supports Services	1,643,340	1,476,406	1,614,167	(137,761)
Other Support Services	101,188	225,630	202,627	23,003
Food Services Operation	<u>9,213,763</u>	<u>9,213,763</u>	<u>7,591,346</u>	<u>1,622,417</u>
Total Expenditures	<u>127,265,526</u>	<u>132,006,327</u>	<u>127,785,993</u>	<u>4,220,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,438,965)</u>	<u>(11,021,526)</u>	<u>(5,294,701)</u>	<u>5,726,825</u>
Other Financing Sources				
Proceeds From Sale of Capital Assets	-	-	68,110	68,110
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>68,110</u>	<u>68,110</u>
Net Change In Fund Balance	(10,438,965)	(11,021,526)	(5,226,591)	5,794,935
Fund Balance, Beginning of Year	<u>29,432,300</u>	<u>29,432,300</u>	<u>29,432,300</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 18,993,335</u>	<u>\$ 18,410,774</u>	<u>\$ 24,205,709</u>	<u>\$ 5,794,935</u>

The accompanying notes are an integral part of this financial statement.

BARTOW COUNTY BOARD OF EDUCATION
Agency Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2012

	<u>Agency Fund</u>
Assets	
Cash	\$ 130,161
Total Assets	<u>\$ 130,161</u>
Liabilities	
Due to Others	\$ 130,161
Total Liabilities	<u>\$ 130,161</u>

The accompanying notes are an integral part of this financial statement.

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BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

Note 1 – Description of School District and Reporting Entity

Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

District-wide Statements:

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

The School District reports the following major governmental funds:

- The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- The District-wide Capital Projects Fund accounts for financial resources including Educational Local Option Sales Tax (ELOST), bond proceeds, and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction, or renovation of major capital facilities.
- The Debt Service Fund accounts for transactions and resources for the payment of general long-term principal, interest, and paying agent's fees.

The School District reports the following fiduciary fund type:

- Agency Fund accounts for assets held by the School District as an agent for various funds, governments, or individuals.

Basis of Accounting

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

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

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

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1-June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School System recognizes the same QBE as a receivable and revenue.

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

Cash and Cash Equivalents

Composition of Deposits: Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

Investments

Composition of Investments: Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposits) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated §36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Funds may be invested in the following:

- Obligations issued by the State of Georgia or by other states,
- Obligations issued by the United States Government,
- Obligations fully insured or guaranteed by the United States government or a United States government agency,
- Obligations of any corporation of the United States government,
- Prime banker's acceptances,
- The Georgia Fund 1 investment pool administered by the State of Georgia, Office of Treasury and Fiscal Services,
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia.

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

The School System does not have a formal policy regarding investments that addresses credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

Receivables

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

Property Taxes

The Bartow County Board of Commissioners fixed the property tax levy for the 2011 tax digest year on September 20, 2011 to be paid by December 1, 2011. Taxes collected within the current fiscal year or within 60 days after year-end on the 2011 tax digest are reported as revenue in the governmental funds for fiscal year 2012. The Bartow County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2012, for maintenance and operations amounted to \$36,989,498.

Tax millage rates levied for the 2011 tax year for the Bartow County Board of Education were as follows (a mil equals \$1 per thousand dollars of assessed value):

School Operations	<u>17.90 mils</u>
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Sales Taxes

Educational Local Option Sales Tax revenue, at the fund reporting level, during the year amounted to \$16,620,934 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Inventories

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

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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

Description	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000	20-30 Years
Buildings	5,000	15-60 Years
Equipment	5,000	5-20 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual school districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days. Vacation leave of 15 days is awarded on a fiscal year basis to the Superintendent and there are no limits on the amount that may be carried over.

General Obligation Bonds

The School System issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts, issuance costs, as well as the loss on bond refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and the loss on bond refunding.

In the fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

direct obligations and pledge the full faith and credit of the School District. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

Net Assets

The School District's net assets in the District-wide statements are classified as follows:

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

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

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

Fund Balances

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

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

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

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

Assigned – Amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or (3) the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the General Fund at fiscal year end of not less than 5% of budgeted expenditures not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated §20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

Use of Estimates

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

Note 2 – Budgetary Data

The School District adopts an annual budget for its General Fund and Debt Service Fund. The budget is prepared in accordance with the provision of the Official Code of Georgia Annotated §20-2-167 and in accordance with generally accepted accounting principles. After the Board has tentatively adopted the budget, the budget is advertised at least once in the local newspaper of general circulation. At the next regularly scheduled meeting after advertisement, the Board receives comment, makes revisions as necessary, and adopts the final budget. The approved budget is then submitted to the Georgia Department of Education.

Note 3 - Deposits and Investments

Collateralization of Deposits

Official Code of Georgia Annotated §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall not be less than 110 percent of the daily pool balance. As of June 30, 2012, the School District's deposits were secured by surety bond, insurance, or collateral.

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal policy for managing custodial credit risk. At June 30, 2012, the bank balances were \$57,952,629. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name. The amounts exposed to custodial credit risk are classified into three categories as follows:

Category 1 – Uncollateralized

Category 2 – Cash collateralized with securities held by the pledging financial institution

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

The School District's deposits by custodial risk category at June 30, 2012 are as follows:

<u>Credit Risk Category</u>	<u>Bank Balance</u>
1	\$ -
2	57,952,629
3	-
Total	<u>\$ 57,952,629</u>

Categorization of Investments

At June 30, 2012, the carrying value of the School District's total investments was \$43,015,180 which is materially the same as fair value. This investment consisted of funds invested in certificates of deposit through the Certificate of Deposits Account Registry, and the Georgia Fund 1, formerly referred to as the Local Government Investment Pool, administered by the

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

State of Georgia, Office of Treasury and Fiscal Services which are not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio and Extended Asset Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at <http://www.audits.ga.gov/SGD/cafr.html>.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is an AAAM rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2012, was 48 days.

The School District's investments as of June 30, 2012 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Investment Pools		
Georgia Fund 1	\$ 1,439,352	48 Days
Debt Securities		
Certificates of Deposit, CDARS	<u>41,575,828</u>	Less Than 1 Year
Total	<u>\$ 43,015,180</u>	

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have a formal policy for managing credit quality risk.

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Rating</u>
Debt Securities		
Certificates of Deposit, CDARS	<u>\$ 41,575,828</u>	AAA

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. The only investments in excess of 5% of the School District's investment portfolio are the CDARS Certificates of Deposit.

Note 4 - Nonmonetary Transactions

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

Note 5 - Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

Governmental Activities:	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 16,712,842	\$ -	\$ -	\$ 16,712,842
Construction in Progress	2,980,102	16,312,340	(569,951)	18,722,491
Total	<u>19,692,944</u>	<u>16,312,340</u>	<u>(569,951)</u>	<u>35,435,333</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	244,700,183	915,927	-	245,616,110
Equipment	21,021,152	1,050,256	(609,909)	21,461,499
Land and Improvements	13,398,424	-	-	13,398,424
Total	<u>279,119,759</u>	<u>1,966,183</u>	<u>(609,909)</u>	<u>280,476,033</u>
<i>Less Accumulated Depreciation For:</i>				
Buildings and Improvements	(45,608,823)	(4,842,390)	-	(50,451,213)
Equipment	(13,771,810)	(1,594,543)	601,911	(14,764,442)
Land and Improvements	(8,084,257)	(470,973)	-	(8,555,230)
Total	<u>(67,464,890)</u>	<u>(6,907,906)</u>	<u>601,911</u>	<u>(73,770,885)</u>
Capital Assets Being Depreciated, Net	<u>211,654,869</u>	<u>(4,941,723)</u>	<u>(7,998)</u>	<u>206,705,148</u>
Governmental Activities Capital Assets, Net	<u>\$ 231,347,813</u>	<u>\$ 11,370,617</u>	<u>\$ (577,949)</u>	<u>\$ 242,140,481</u>

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

Beginning balances for accumulated depreciation differ from the June 30, 2011 financial report due to a misallocation by asset type in prior year reports. This discrepancy was corrected in the current year with no effect on net capital assets.

Depreciation expense by function:

Instruction	\$ 5,102,154
Pupil Services	56,290
Media Services	6,100
General Administration	120,586
School Administration	284,934
Support Services - Business	24,078
Maintenance and Operation	291,426
Student Transportation Services	831,425
Support Services - Central	43,786
School Nutrition Program	<u>147,127</u>
Total Depreciation	<u>\$ 6,907,906</u>

Note 6 - Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2012, consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Capital Projects Fund	Debt Service Fund	<u>\$ 16,278,889</u>

Transfers are used to move funds from the Capital Projects Fund to the Debt Service Fund to pay bond principal payments and interest expenditures.

Note 7 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; natural disaster; and unemployment compensation.

The School District participated in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage.

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures, and liability being reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

An excess coverage insurance policy covers individual claims in excess of \$350,000 loss per occurrence, up to the statutory limit. For purposes of estimating the unpaid claims liability as of June 30, 2012, the District's third party administrator calculated the reserve liability based on the estimated cost of each outstanding claim, and an estimate for incurred but unreported claims, from claims experience for like claims.

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

<u>Fiscal Year</u>	<u>Beginning Of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End Of Year Liability</u>
2012	\$ 375,000	\$ 420,831	\$ (44,256)	\$ 751,575
2011	300,000	93,750	(18,750)	375,000

Note 8 – Operating Leases

The Bartow County School District has entered into various lease agreements as lessee for copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2012 amounted to \$173,144.

Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Lease Payments</u>
2013	\$ 173,144
2014	173,144
Total	<u>\$ 346,288</u>

Note 9 - Long-Term Debt**Compensated Absences**

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the General Fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

General Obligation Debt Outstanding

General Obligation Bonds currently outstanding are as follows:

<u>General Obligation Bonds:</u>	<u>Balance July 30, 2012</u>
2008 Series, 3.25%-5.00%	12,490,000
2009 Series, 2.50%-4.00%	3,980,000
2010A Series, 2.375%-5.00%	46,960,000
2010B Series, 2.62%-3.00%	23,000,000
Total General Obligation Bonds	<u>\$ 86,430,000</u>

The changes in general long-term debt during the year ended June 30, 2012, were as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 100,330,000	\$ -	\$ (13,900,000)	\$ 86,430,000	\$ 14,445,000
Bond Premiums	5,410,932	-	(1,463,720)	3,947,212	1,245,503
Loss on Bond Refunding	(95,472)	-	45,483	(49,989)	(31,640)
Claims Payable	375,000	420,831	(44,256)	751,575	155,335
Compensated Absences	561,072	310,343	(192,845)	678,570	207,704
Total	<u>\$ 106,581,532</u>	<u>\$ 731,174</u>	<u>\$ (15,555,338)</u>	<u>\$ 91,757,368</u>	<u>\$ 16,021,902</u>

At June 30, 2012, principal and interest payments due by fiscal year for general obligation bonds are as follows:

<u>Payments Due in Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization of Bond Premium</u>
2013	\$ 14,445,000	\$ 3,009,453	\$ 1,245,503
2014	14,410,000	3,245,528	1,030,755
2015	12,615,000	1,814,059	766,426
2016	23,450,000	1,236,290	522,322
2017	6,960,000	686,395	289,997
2018	14,550,000	218,250	92,209
Total	<u>\$ 86,430,000</u>	<u>\$ 10,209,975</u>	<u>\$ 3,947,212</u>

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

Note 10 - On-Behalf Payments

The School District has recognized revenues and costs in the approximate amount of \$9,445,791 for health insurance and retirement contributions paid on the School District's behalf by the following state agencies:

- The Georgia Department of Education paid to the State Health Benefit Plan \$9,261,434 for public employee health insurance coverage cost.
- Georgia Department of Education paid to the Teachers Retirement System of Georgia (TRS) employer's cost in the approximate amount of \$35,228.
- Office of Treasury and Fiscal Services paid to the Public School Employees Retirement System (PSERS) for public school employees retirement employer's cost in the approximate amount of \$149,129.

Note 11 – Significant Commitments

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2012, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Adairsville Middle	\$ 19,909,087	\$ -
Cloverleaf Elementary	1,011,762	269,644
Emerson Elementary	12,825,400	-
Total	<u>\$ 33,746,249</u>	<u>\$ 269,644</u>

Note 12 - Postemployment Benefits**Georgia School Personnel Employees Postemployment Health Benefit Fund**

Plan Description. The Georgia School Personnel Postemployment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers eligible former employees of public school systems, libraries, and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits to retirees, to the Board of Community Health (Board).

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

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

The combined rates for the active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2012:

Certified Employees

June 2011	1.429% of covered payroll for July coverage
July 2011	18.534% of covered payroll for August coverage
August 2011- March 2012	24.00% of covered payroll for September-April coverage
April 2012 - June 2012	3.958% of covered payroll for May-July coverage

Non-Certified Employees

July 2011 - August 2011	\$246.20 per member per month
September 2011 - June 2012	\$296.20 per member per month

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$ 12,310,617
2011	100%	12,014,837
2010	100%	11,480,874

Note 13 - Retirement Plans

1) Teachers Retirement System of Georgia (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$ 7,278,698
2011	100%	7,517,123
2010	100%	7,399,714

BARTOW COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

June 30, 2012

2) Public School Employees Retirement System (PSERS)

Plan Description: Full time employees not eligible to participate in the Teachers Retirement System may participate in the Public School Employees Retirement System (PSERS). The PSERS is a cost sharing, multiple-employer, defined benefit pension plan established by the Georgia Assembly in 1969. Upon retirement, the participating member will receive a monthly benefit of \$12.00 multiplied by the number of years of creditable service. Death, disability, and spousal benefits are also available through PSERS. Additionally, PSERS makes periodic cost-of-living adjustments to the monthly benefits. Plan members are required to contribute \$4.00 per month for nine months each year. The School System makes no contribution to PSERS.

Funding Policy: The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the Board of the Employee's Retirement System of Georgia. The Board of Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and required supplementary information for PSERS. That report may be obtained by writing Public School Employees Retirement System, Two Northside 75, Suite 300, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

Members become vested after ten years of creditable service. Upon termination of employment, member contributions are refundable with interest. However, if an otherwise vested member terminates and withdraws their member contributions, no vesting of employer contributions occur. The employer contributions to the unfunded accrued liability were projected to liquidate the accrued liability within twelve years based upon the actuarial valuation at July 1, 1987. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65.

If a member chooses, he may begin receiving reduced benefits after age 60 and upon completion of ten years of service. Members retiring before age 65 will receive a benefit reduced by 1/2 of 1% for each month under age 65.

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OTHER SUPPLEMENTAL INFORMATION



BARTOW COUNTY BOARD OF EDUCATION

Schedule of State Revenue For the Fiscal Year Ended June 30, 2012

Agency/Funding	Governmental Fund Types		Total
	General Fund	Capital Projects Fund	
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 1,395,750	\$ -	\$ 1,395,750
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,215,479	-	3,215,479
Kindergarten Program - Early Intervention Program	1,176,220	-	1,176,220
Primary Grades (1-3) Program	7,925,742	-	7,925,742
Primary Grades - Early Intervention (1-3) Program	1,942,628	-	1,942,628
Upper Elementary Grades (4-5) Program	3,922,935	-	3,922,935
Upper Elementary Grades - Early Intervention (4-5) Program	992,117	-	992,117
Middle School (6-8) Program	7,263,251	-	7,263,251
High School General Education (9-12) Program	6,473,639	-	6,473,639
Vocational Laboratory (9-12) Program	1,672,985	-	1,672,985
Students with Disabilities			
Category I	1,028,943	-	1,028,943
Category II	700,272	-	700,272
Category III	3,954,386	-	3,954,386
Category IV	1,161,786	-	1,161,786
Category V	673,411	-	673,411
Gifted Student - Category VI	2,937,617	-	2,937,617
Remedial Education Program	898,799	-	898,799
Alternative Education Program	570,423	-	570,423
English Speakers of Other Languages (ESOL)	648,404	-	648,404
Media Center Program	1,306,831	-	1,306,831
20 Days Additional Instruction	389,681	-	389,681
Staff and Professional Development	282,888	-	282,888
Indirect Cost			
Central Administration	1,520,662	-	1,520,662
School Administration	2,588,675	-	2,588,675
Facility Maintenance and Operations	3,464,604	-	3,464,604
Mid-term Hold Harmless Grant	105,854	-	105,854
Amended Formula Adjustment	(10,819,212)	-	(10,819,212)
Categorical Grants			
Pupil Transportation			
Regular	1,456,179	-	1,456,179
Education Equalization Funding Grant	5,457,659	-	5,457,659
Food Services	191,090	-	191,090
Nursing Services	208,814	-	208,814
State Health Reimbursement	9,261,434	-	9,261,434
Other State Programs			
Agriculture Extended Year and Day Grants	28,201	-	28,201
Agriculture Construction Related Equipment	16,509	-	16,509
CTAE Grants	108,051	-	108,051
Dual Enrollment Funding	8,019	-	8,019
Math and Science Supplements	8,130	-	8,130
Pupil Transportation - State Bonds	228,659	-	228,659
Teachers' Retirement	35,228	-	35,228
Virtual Schools Grant	600	-	600
Vocational Education	38,161	-	38,161
Vocational Construction Related Equipment - State	86,092	-	86,092
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	2,966,080	2,966,080
Georgia Department of Community Health			
Health Partnership Grant	158,752	-	158,752
Alcohol Prevention Grant	107,395	-	107,395
Georgia Department of Family and Children Services			
Child Care and Parent Services Program	1,520	-	1,520
Office of the State Treasurer			
Public School Employees Retirement	149,129	-	149,129
Total State Revenues	\$ 64,944,392	\$ 2,966,080	\$ 67,910,472

BARTOW COUNTY BOARD OF EDUCATION
Schedule of Quality Basic Education Program (QBE)
Allotments and Expenditures by Program
For the Fiscal Year Ended June 30, 2012

	Allotments From Georgia Department of Education ⁽¹⁾⁽²⁾					
Description			Salaries	Operations	Total	
Kindergarten	\$	3,941,642	\$	4,913,599	\$	4,958,626
Kindergarten Early Intervention		1,293,307		810,010		812,047
Primary Grades 1-3		9,688,400		10,821,346		10,931,834
Primary Grades 1-3 Early Intervention		2,235,535		2,118,249		2,122,679
Upper Elementary Grades 4-5		4,730,454		6,237,638		6,273,116
Upper Elementary 4-5 Early Intervention		1,224,769		921,037		925,046
Middle School 6-8		8,743,197		8,253,851		8,368,354
High School Grades 9-12		7,819,541		10,516,107		10,788,059
Vocational Laboratory 9-12		2,025,973		2,329,373		2,425,648
Students With Disabilities		9,119,726		14,580,966		15,106,418
Gifted Program		3,432,419		3,352,520		3,392,225
Remedial Education Program		1,032,483		474,290		478,423
Alternative Education Program		688,325		145,298		145,298
English Speakers of Other Languages (ESOL)		775,317		906,536		910,155
Total Direct Instructional Funds		56,751,088		66,380,820		67,637,928
Media Center Program		1,574,224		1,994,836		2,137,832
Staff and Professional Development		282,888		78,199		94,569
Total QBE Formula Funds	\$	58,608,200	\$	68,453,855	\$	69,870,329

(1) Comprised of State funds plus local 5 mil share.

(2) Allotments do not include the impact of the State austerity reduction.

BARTOW COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Educational
Local Option Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2012

Project	Original Estimated Cost ⁽¹⁾	Current Estimated Costs ⁽²⁾	Amount Expended In Prior Year ⁽³⁾⁽⁴⁾	Amount Expended In Current Years ⁽³⁾⁽⁴⁾	Total	Project Status
Retiring a portion of Bartow School Districts General Obligation School Bonds, Series 1998 or bonds issued by the School District to refund such bonds	\$ 3,157,036	\$ 3,219,540	\$ 3,219,540	\$ -	\$ 3,219,540	Complete
Retiring a portion of Bartow School Districts General Obligation School Bonds, Series 1999 or bonds issued by the School District to refund such bonds	7,378,156	7,066,425	5,232,062	1,834,363	7,066,425	Complete
Acquiring, constructing, and equipping one new high school and one new elementary school, acquiring school buses, drivers education vehicles, and instructional and administrative technology improvements for existing schools, adding to, renovating, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring and necessary property therefore, both real and personal	<u>109,098,608</u>	<u>109,098,608</u>	<u>78,786,411</u>	<u>18,521,742</u>	<u>97,308,153</u>	Ongoing
Totals	\$ <u>119,633,800</u>	\$ <u>119,384,573</u>	\$ <u>87,238,013</u>	\$ <u>20,356,105</u>	\$ <u>107,594,118</u>	

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

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

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

(4) The School District issued General Obligation Bond Issue 2009 to refund a portion of the 1999 General Obligation Bond Issue. The amount expended in current year includes debt service on the 2009 General Obligation Issue.

COMPLIANCE SECTION



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

To the Superintendent and Members of
The Bartow County Board of Education
Cartersville, Georgia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 28, 2012. 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.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated January 28, 2013.

This report is intended solely for the information and use of management, members of the Bartow County Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williamson and Company

Williamson and Company
Certified Public Accountants
January 28, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Superintendent and Members of
The Bartow County Board of Education
Cartersville, Georgia

Compliance

We have audited the Bartow County Board of Education's (the "School District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, The School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the members of the Bartow County Board of Education, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Williamson and Company
Certified Public Accountants
January 28, 2013

BARTOW COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Funding Agency Program Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period	
Agriculture, U. S. Department of Child Nutrition Cluster Pass-Through From Georgia Department of Education Food Services				
School Breakfast Program	* 10.553	N/A	\$ 1,055,770	
National School Lunch Program	* 10.555	N/A	4,188,435	(1)
After School Snack Program	* 10.555	N/A	47,668	
Total Child Nutrition Cluster			\$ 5,291,873	
Total U. S. Department of Agriculture			\$ 5,291,873	
Education, U.S. Department of Special Education Cluster Pass-Through From Georgia Department of Education Special Education				
Grants to States	* 84.027	N/A	\$ 3,023,612	
Preschool Grants	* 84.173	N/A	54,621	
Total Special Education Cluster			\$ 3,078,233	
Title I, Part A Cluster Pass-Through From Georgia Department of Education Title I - Grants to Local Educational Agencies	* 84.010	N/A	\$ 3,836,003	
Total Title I, Part A Cluster			\$ 3,836,003	
Other Programs Pass-Through From Georgia Department of Education				
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 111,697	
English Speaking Grants	84.365	N/A	117,067	
Improving Teacher Quality State Grants	84.367	N/A	345,779	
Striving Readers	84.371	N/A	692,871	
Education for the Homeless	84.196	N/A	50,481	
Education Jobs Fund	84.410	N/A	34,558	
Total U. S. Department of Education			\$ 8,266,689	
Health and Human Services, U. S. Department of Pass-Through From Ninth District Opportunity, Inc. Georgia Prekindergarten Transition Program	93.575	N/A	\$ 6,667	
Total U. S. Department of Health and Human Services			\$ 6,667	
Defense, U. S. Department of Direct				
Department of the Air Force R.O.T.C. Program	12.000	N/A	\$ 107,750	
Department of the Army Office of the Chief of Engineers	12.112	N/A	101,070	
Total U.S. Department of Defense			\$ 208,820	
Total Federal Financial Assistance			\$ 13,774,049	

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$572,915

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

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

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

BARTOW COUNTY BOARD OF EDUCATION

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified not
considered to be material weaknesses? _____ 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 not
considered to be material weaknesses? _____ Yes X None Reported

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

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133,
Section .510(a)? _____ Yes X No

Identification of major programs:

_____ CFDA Number(s)

84.01
84.027, 84.173
10.553, 10.555

_____ Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster
Child Nutrition Cluster

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

\$ 413,221

Auditee qualified as low-risk auditee? _____ Yes X No

BARTOW COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported

Section IV - Status of Prior Year Findings and Questioned Costs

2011-1 Semi-annual Certification of Time and Effort Sheets - Special Education Cluster (IDEA)

U.S. Department of Education, Flow Through, CFDA #84.027
U.S. Department of Education, Preschool, CFDA #84.173
U.S. Department of Education, Flow Through, ARRA, CFDA #84.391
U.S. Department of Education, Preschool, ARRA, CFDA #84.392

Criteria: Per OMB A-87, Cost Principles, an employee who works solely on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated) must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B, paragraph 8.h(3). An employee who works in part on a single cost objective and in part on a consolidated Federal administrative activities or activities funded from other revenue sources, must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.

Condition and Context: For the year ended June 30, 2011, the predecessor auditor reviewed 40 teachers paid out of Special Education (IDEA) funds to determine if the School System was properly maintaining semi-annual certification of time and effort sheets. They found that for 6 teachers paid out of Special Education (IDEA) funds, the School District was not properly maintaining semi-annual certification or time and effort sheets.

Status: As part of our audit procedures pertaining to the Special Education Cluster, we tested the School District's corrective action in regards to prior year finding and questioned cost 2011-1. This has been corrected for the fiscal year 2012.