



WORTH COUNTY BOARD OF EDUCATION SYLVESTER, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013
(Including Independent Auditor's Reports)**



WORTH COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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March 14, 2014

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through I) of the Worth County Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously 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 Worth County Board of Education, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2013, the Worth County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through vii and page 27 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014, on our consideration of the Worth County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Worth County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2013ARL-11

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The discussion and analysis of the Worth County Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

On the District-wide financial statements, the assets of the District exceeded liabilities by \$47.3 million. This was only a minimal increase (\$73,586) over fiscal year 2012. Of the \$47.3 million, \$6.9 million is unrestricted and available for spending at the School District's discretion.

General revenues accounted for \$11.2 million in revenue or 35.7 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$20.2 million or 64.3 percent of total revenues. Total revenues were \$31.4 million.

The District had \$31.4 million in expenses related to governmental activities; only \$20.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues, primarily taxes, of \$11.2 million were adequate to provide for these programs.

On the fund financial statements, the general fund had \$29.7 million in revenues, \$30.0 million in expenditures, and a net change of \$0.6 million in other financing uses. The general fund's balance decreased from \$5.0 million to \$4.1 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Worth County Board of Education as a financial whole, or as an entire operating entity. The basic financial statements include two levels of statements that present different views of the School District. These include the District-wide and fund financial statements.

The District-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the School District, presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fund financial statements reflect the School District's most significant funds. In the case of the Worth County Board of Education, the General Fund is by far the most significant fund.

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader whether, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

The Statement of Net Position and the Statement of Activities reflect the School District's governmental activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Capital Projects Fund, and the Debt Service Fund.

Governmental Funds 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 readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Financial Analysis of the School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2013 as compared to net position for fiscal year 2012.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2013	Fiscal Year 2012
Assets		
Current and Other Assets	\$ 15,957,043	\$ 16,023,156
Capital Assets, Net	<u>41,780,752</u>	<u>42,673,411</u>
Total Assets	<u>\$ 57,737,795</u>	<u>\$ 58,696,567</u>
Liabilities		
Current and Other Liabilities	\$ 4,005,992	\$ 3,819,945
Long-Term Liabilities	<u>6,456,595</u>	<u>7,675,000</u>
Total Liabilities	<u>\$ 10,462,587</u>	<u>\$ 11,494,945</u>
Net Position		
Net Investment in Capital Assets	\$ 35,515,898	\$ 35,183,558
Restricted	4,854,825	5,050,519
Unrestricted	<u>6,904,485</u>	<u>6,967,545</u>
Total Net Position	<u>\$ 47,275,208</u>	<u>\$ 47,201,622</u>

Total net position increased \$73,586.

Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2013	2012
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 373,739	\$ 391,257
Operating Grants and Contributions	19,729,593	19,281,235
Capital Grants and Contributions	130,494	152,439
Total Program Revenues	\$ 20,233,826	\$ 19,824,931
General Revenues:		
Taxes		
Property Taxes	\$ 7,272,765	\$ 6,764,852
Sales Taxes	1,665,065	1,722,665
Grants and Contributions not		
Restricted to Specific Programs	1,795,542	1,814,910
Investment Earnings	7,736	8,330
Miscellaneous	479,233	375,275
Transfers	1,379	-8,825
Total General Revenues	\$ 11,221,720	\$ 10,677,207
Total Revenues	\$ 31,455,546	\$ 30,502,138
Program Expenses:		
Instruction	\$ 18,817,472	\$ 18,400,079
Support Services		
Pupil Services	1,276,986	1,276,995
Improvement of Instructional Services	1,182,755	1,160,537
Educational Media Services	571,940	549,280
General Administration	328,151	290,235
School Administration	1,781,611	1,759,423
Business Administration	356,033	291,367
Maintenance and Operation of Plant	2,114,324	2,151,059
Student Transportation Services	1,953,878	1,916,912
Central Support Services	281,381	255,012
Other Support Services	246,224	217,148
Operations of Non-Instructional Services		
Enterprise Operations	170,811	121,641
Food Services	2,108,096	1,976,931
Interest on Short-Term and Long-Term Debt	192,298	224,550
Total Expenses	\$ 31,381,960	\$ 30,591,169
Increase (Decrease) in Net Position	\$ 73,586	\$ -89,031

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Governmental Activities

Instruction comprises 60 percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net costs of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2012
Instruction	\$ 18,817,472	\$ 18,400,079	\$ 5,722,553	\$ 5,609,073
Support Services:				
Pupil Services	1,276,986	1,276,995	1,035,745	1,029,118
Improvement of Instructional Services	1,182,755	1,160,537	562,397	569,374
Educational Media Services	571,940	549,280	97,742	136,733
General Administration	328,151	290,235	-343,920	-338,552
School Administration	1,781,611	1,759,423	794,223	841,879
Business Administration	356,033	291,367	327,931	259,044
Maintenance and Operation of Plant	2,114,324	2,151,059	1,054,453	1,089,961
Student Transportation Services	1,953,878	1,916,912	995,799	868,139
Central Support Services	281,381	255,012	266,473	247,978
Other Support Services	246,224	217,148	166,770	146,378
Operations of Non-Instructional Services:				
Enterprise Operations	170,811	121,641	10,000	-51,197
Food Services	2,108,096	1,976,931	265,669	133,760
Interest on Short-Term and Long-Term Debt	192,298	224,550	192,298	224,550
Total Expenses	<u>\$ 31,381,960</u>	<u>\$ 30,591,169</u>	<u>\$ 11,148,133</u>	<u>\$ 10,766,238</u>

Although program revenues make up 64.3 percent of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 30.4 percent of Instruction activities are supported through taxes and other general revenues; for all governmental activities, general revenue support is 35.5 percent. While the *total cost* of providing services only increased 2.6 percent, the *net cost* increased 3.5 percent.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$31.3 million and expenditures of \$31.7 million. The general fund had a decrease of \$923,791.

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund.

The School District's budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. During fiscal year 2013, the School District amended its General Fund budget as needed. The budgeting systems are designed to control the total budget, but provide flexibility for site management and to meet the ongoing programmatic needs as well.

For the General Fund, actual revenues and other sources of \$29.7 million were less than the final budget of \$30.9 million by \$1.2 million. This difference was primarily due to the School District's budgeting of fund balance to meet the anticipated shortfall of revenue over expenditures. The School District does not include revenues for school activity accounts (included in miscellaneous revenues and charges for services) in the final budget.

Actual expenditures and other financing uses of \$30.6 million were less than the final budget of \$30.9 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$41.8 million invested in capital assets, all in governmental activities. Table 4 shows balances for fiscal year 2013 as compared to balances for fiscal year 2012.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2013	Fiscal Year 2012
Land	\$ 1,728,041	\$ 1,753,041
Building and Improvements	36,630,728	37,194,711
Equipment	1,999,621	2,298,575
Land Improvements	1,422,362	1,427,084
Total	\$ <u>41,780,752</u>	\$ <u>42,673,411</u>

Additional information about the School District's Capital Assets can be found in the Notes to the Basic Financial Statements.

WORTH COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Long-Term Debt

At June 30, 2013, the School District had \$6.5 million in total debt outstanding which consisted of over \$6.4 million in bond debt, and \$6,595 in capital leases. Table 5 summarizes the School District's Debt as compared to the prior fiscal year.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2013	Fiscal Year 2012
Bonds Payable	\$ 6,450,000	\$ 7,675,000
Capital Leases	6,595	
Total	<u>\$ 6,456,595</u>	<u>\$ 7,675,000</u>

Additional information about the School District's Debt can be found in the Notes to the Basic Financial Statements.

Current Issues

The Worth County School District has faced severe financial challenges in recent years but has remained relatively stable and financially sound. The financial challenges have included rising costs in employee benefits, the continued state formula allotment reductions, and a slow decline in student enrollment (FTE).

The School District has also reduced the number of faculty and staff through normal attrition and nontenured positions over the past several years due to the decline in student enrollment and to help offset the rising employee benefit costs. Consequently, the District has been able to avoid implementing furlough days during the past few years.

The amended formula adjustment, the reduction in state funding, for fiscal year 2013 was \$2.6 million. The School District has been forced to provide additional local funding to meet mandated educational requirements as reductions in state funding continues. The School District's current millage rate of 14.24 mills has been increased to 15.5 mills for fiscal year 2014.

The Worth County School District recognizes its responsibility to the taxpayers in overseeing the spending of tax dollars. The District is striving to maintain sound fiscal management while emphasizing student achievement.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lisa A. Deariso, CPA, CGFM and Director of Finance, at the Worth County Board of Education, 103 Eldridge Street, Sylvester, Georgia 31791. You may also email any questions to ldeariso@worthschools.net.

WORTH COUNTY BOARD OF EDUCATION

WORTH COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 12,406,216.25
Accounts Receivable, Net	
Taxes	771,872.13
State Government	2,074,330.73
Federal Government	519,605.56
Other	31,615.84
Inventories	12,335.24
Prepaid Items	90,470.05
Capitalized Bond and Other Debt Issuance Costs	50,597.28
Capital Assets, Non-Depreciable	1,728,041.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>40,052,711.12</u>
Total Assets	\$ <u>57,737,795.20</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 279,082.93
Salaries and Benefits Payable	3,399,775.89
Interest Payable	72,132.50
Pollution Remediation Liability	125,000.00
Retainages Payable	130,000.00
Long-Term Liabilities	
Due Within One Year	1,573,145.00
Due in More Than One Year	<u>4,883,450.20</u>
Total Liabilities	\$ <u>10,462,586.52</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 35,515,898.42
Restricted for	
Continuation of Federal Programs	11,575.94
Debt Service	3,499,608.49
Capital Projects	1,343,640.29
Unrestricted	<u>6,904,485.54</u>
Total Net Position	\$ <u><u>47,275,208.68</u></u>

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

WORTH COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 18,817,472.15	
Support Services		
Pupil Services	1,276,986.26	
Improvement of Instructional Services	1,182,754.57	
Educational Media Services	571,939.68	
General Administration	328,151.38	
School Administration	1,781,611.32	
Business Administration	356,033.18	
Maintenance and Operation of Plant	2,114,324.29	
Student Transportation Services	1,953,877.84	
Central Support Services	281,381.17	
Other Support Services	246,224.30	
Operations of Non-Instructional Services		
Enterprise Operations	170,810.51	\$ 160,809.32
Food Services	2,108,095.70	212,929.74
Interest on Short-Term and Long-Term Debt	192,297.42	
	<u>\$ 31,381,959.77</u>	<u>\$ 373,739.06</u>
Total Governmental Activities		
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Transfers		
Total General Revenues and Transfers		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)	
OPERATING	CAPITAL	REVENUES	
GRANTS AND	GRANTS AND	AND CHANGES IN	
CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION	
\$ 13,027,827.41	\$ 67,091.32	\$ -5,722,553.42	
241,005.03	236.69	-1,035,744.54	
620,293.60	63.59	-562,397.38	
470,486.64	3,711.14	-97,741.90	
671,604.97	465.95	343,919.54	
984,340.76	3,047.56	-794,223.00	
27,840.39	262.06	-327,930.73	
1,057,770.02	2,101.42	-1,054,452.85	
913,321.29	44,757.36	-995,799.19	
13,139.81	1,768.23	-266,473.13	
79,452.85		-166,771.45	
1.55		-9,999.64	
1,622,508.98	6,988.22	-265,668.76	
		-192,297.42	
<u>\$ 19,729,593.30</u>	<u>\$ 130,493.54</u>	<u>\$ -11,148,133.87</u>	

\$ 7,272,765.57

1,574,787.37

90,277.83

1,795,542.00

7,735.69

479,232.85

1,379.04

\$ 11,221,720.35

\$ 73,586.48

47,201,622.20

\$ 47,275,208.68

WORTH COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,599,535.16	\$ 4,356,036.59	\$ 3,450,644.50	\$ 12,406,216.25
Accounts Receivable, Net				
Taxes	650,775.64		121,096.49	771,872.13
State Government	2,074,330.73			2,074,330.73
Federal Government	519,605.56			519,605.56
Other	31,615.84			31,615.84
Inventories	12,335.24			12,335.24
Prepaid Items	90,470.05			90,470.05
Total Assets	<u>\$ 7,978,668.22</u>	<u>\$ 4,356,036.59</u>	<u>\$ 3,571,740.99</u>	<u>\$ 15,906,445.80</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 79,863.75	\$ 199,219.18		\$ 279,082.93
Salaries and Benefits Payable	3,399,775.89			3,399,775.89
Retainages Payable		130,000.00		130,000.00
Deposits and Deferred Revenue	381,445.29			381,445.29
Total Liabilities	<u>\$ 3,861,084.93</u>	<u>\$ 329,219.18</u>		<u>\$ 4,190,304.11</u>
<u>FUND BALANCES</u>				
Nonspendable	\$ 102,805.29			\$ 102,805.29
Restricted		\$ 1,343,640.29	\$ 3,571,740.99	4,915,381.28
Assigned	2,279,336.79	2,683,177.12		4,962,513.91
Unassigned	1,735,441.21			1,735,441.21
Total Fund Balances	<u>\$ 4,117,583.29</u>	<u>\$ 4,026,817.41</u>	<u>\$ 3,571,740.99</u>	<u>\$ 11,716,141.69</u>
Total Liabilities and Fund Balances	<u>\$ 7,978,668.22</u>	<u>\$ 4,356,036.59</u>	<u>\$ 3,571,740.99</u>	<u>\$ 15,906,445.80</u>

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

WORTH COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 11,716,141.69

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:

Land	\$	1,728,041.00	
Land Improvements		1,738,227.00	
Buildings		43,651,928.19	
Equipment		5,928,273.38	
Intangible Assets		89,012.00	
Accumulated Depreciation		<u>-11,354,729.45</u>	
Total Capital Assets			41,780,752.12

Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.

Property Taxes			381,445.29
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Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-Term Liabilities at year-end consist of:

Bonds Payable	\$	-6,450,000.00	
Accrued Interest Payable		-72,132.50	
Capital Leases Payable		-6,595.20	
Bond Issuance Costs, Net of Amortization		50,597.28	
Pollution Remediation		<u>-125,000.00</u>	
Total Long-Term Liabilities			<u>-6,603,130.42</u>

Net Position of Governmental Activities (Exhibit "A") \$ 47,275,208.68

WORTH COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 7,109,174.04			\$ 7,109,174.04
Sales Taxes	90,277.83		\$ 1,574,787.37	1,665,065.20
State Funds	17,553,343.67			17,553,343.67
Federal Funds	4,102,285.17			4,102,285.17
Charges for Services	373,739.06			373,739.06
Investment Earnings	3,045.72	\$ 2,456.36	2,233.61	7,735.69
Miscellaneous	479,232.85			479,232.85
Total Revenues	\$ 29,711,098.34	\$ 2,456.36	\$ 1,577,020.98	\$ 31,290,575.68
<u>EXPENDITURES</u>				
Current				
Instruction	\$ 18,321,973.16			\$ 18,321,973.16
Support Services				
Pupil Services	1,275,171.27			1,275,171.27
Improvement of Instructional Services	1,182,266.95			1,182,266.95
Educational Media Services	543,482.25			543,482.25
General Administration	324,578.39			324,578.39
School Administration	1,758,242.29			1,758,242.29
Business Administration	337,157.90			337,157.90
Maintenance and Operation of Plant	1,871,564.50	\$ 236,842.67		2,108,407.17
Student Transportation Services	1,610,673.37			1,610,673.37
Central Support Services	328,822.30			328,822.30
Other Support Services	246,224.30			246,224.30
Enterprise Operations	157,279.13	13,531.38		170,810.51
Food Services Operation	2,054,509.21			2,054,509.21
Capital Outlay		16,900.00		16,900.00
Debt Services				
Principal	2,866.81		\$ 1,225,000.00	1,227,866.81
Interest	918.19		205,997.00	206,915.19
Total Expenditures	\$ 30,015,730.02	\$ 267,274.05	\$ 1,430,997.00	\$ 31,714,001.07
Excess of Revenues over (under) Expenditures	\$ -304,631.68	\$ -264,817.69	\$ 146,023.98	\$ -423,425.39
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital Leases	\$ 9,462.01			\$ 9,462.01
Transfers In	1,379.04	\$ 630,000.00		631,379.04
Transfers Out	-630,000.00			-630,000.00
Total Other Financing Sources (Uses)	\$ -619,158.95	\$ 630,000.00		\$ 10,841.05
Net Change in Fund Balances	\$ -923,790.63	\$ 365,182.31	\$ 146,023.98	\$ -412,584.34
Fund Balances - Beginning	5,041,373.92	3,661,635.10	3,425,717.01	12,128,726.03
Fund Balances - Ending	\$ 4,117,583.29	\$ 4,026,817.41	\$ 3,571,740.99	\$ 11,716,141.69

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

WORTH COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2013

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ -412,584.34

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

Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$ 107,979.92	
Depreciation Expense	-924,818.70	
Excess of Capital Outlay over Depreciation Expense	-816,838.78	-816,838.78

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. -75,820.56

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 163,591.53

Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:

Amortization of Bond Issuance Costs	-16,865.75
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Some of the expendable equipment acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a Long-Term Liability. -9,462.01

Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond Principal Retirements	\$ 1,225,000.00	
Capital Lease Payments	2,866.81	
Total Long-Term Debt Repayments	1,227,866.81	1,227,866.81

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:

Net Increase in Accrued Interest on Issuance of Bonds	13,699.58
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Change in Net Position of Governmental Activities (Exhibit "B") \$ 73,586.48

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

WORTH COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents		\$ 29,576.32
Investments	\$ 5,515.49	
Total Assets	\$ 5,515.49	\$ 29,576.32
<u>LIABILITIES</u>		
Funds Held for Others		\$ 29,576.32
<u>NET POSITION</u>		
Held in Trust for Private Purposes	\$ 5,515.49	

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

WORTH COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ 33.42
<u>DEDUCTIONS</u>	
Scholarships	\$ 50.00
Change in Net Position	\$ -16.58
Net Position - Beginning	5,532.07
Net Position - Ending	\$ 5,515.49

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

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

Fund Financial Statements:

The fund financial statements provide information about the School District's 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.

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust funds report trust arrangements under which principal and income benefit a spelling champion with an award and a senior class student with a scholarship.
- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary 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, and grants. 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 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. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, both restricted and unrestricted resources are 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.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of this Statement establish accounting and financial reporting standards for governments who enter into Service Concession Arrangements (SCA) with other governmental or nongovernmental entities. As of June 30, 2013, the School District has not entered into any arrangements that meet the qualifications to be reported as a SCA in accordance with this standard.

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The School District changed its presentation of net assets to net position for fiscal year 2013. There were no other applicable reporting changes for the School District.

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 Section 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

Composition of Investments

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

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

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

RECEIVABLES

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

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

PROPERTY TAXES

The Worth County Board of Commissioners adopted the property tax levy for the 2012 tax digest year (calendar year) on July 25, 2012 (levy date) based on property values as of January 1, 2012. Taxes were due on December 20, 2012 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2012 tax digest are reported as revenue in the governmental funds for fiscal year 2013. The Worth 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, 2013, for maintenance and operations amounted to \$7,000,533.87.

Tax millage rates levied for the 2012 tax year (calendar year) for the Worth County Board Of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>14.24</u> mills
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Additionally, Title Ad Valorem Taxes in the amount of \$108,640.17 were collected during the fiscal year.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$1,574,787.37 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 (first-in, first-out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2013, are recorded as prepaid items.

CAPITAL ASSETS

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

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

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

	Capitalization Policy	Estimated Useful Life
Land	Any amount	N/A
Buildings and Improvements	\$ 100,000.00	20 to 80 years
Equipment	\$ 5,000.00	4 to 12 years
Improvements Other Than Buildings	\$ 50,000.00	20 to 80 years
Intangible Assets	\$ 50,000.00	5 to 15 years

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 15 years.

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

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

NET POSITION

The School District's net position in the District-wide Statements is classified as follows:

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

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

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

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

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 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 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 has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Fund Balances of the Governmental Funds at June 30, 2013, are as follows:

Nonspendable			
Inventories	\$	12,335.24	
Prepaid Assets		<u>90,470.05</u>	\$ 102,805.29
Restricted			
Capital Projects	\$	1,343,640.29	
Debt Service		<u>3,571,740.99</u>	4,915,381.28
Assigned			
Local Capital Outlay Projects	\$	2,683,177.12	
Subsequent Period Expenditures		2,027,234.74	
Self-Insurance		8,043.00	
School Activity Accounts		<u>244,059.05</u>	4,962,513.91
Unassigned			<u>1,735,441.21</u>
Fund Balance, June 30, 2013			<u>\$ 11,716,141.69</u>

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 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. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

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 deposit policy for custodial credit risk. At June 30, 2013, the bank balances were \$13,093,047.30. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution in the School District's name.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year:

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,753,041.00	\$ 0.00	\$ 25,000.00	\$ 1,728,041.00
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 43,773,820.88		\$ 121,892.69	\$ 43,651,928.19
Equipment	5,881,993.46	\$ 91,079.92	44,800.00	5,928,273.38
Land Improvements	1,721,327.00	16,900.00		1,738,227.00
Intangible Assets	89,012.00			89,012.00
Less: Accumulated Depreciation:				
Buildings and Improvements	6,579,109.92	514,768.33	72,678.38	7,021,199.87
Equipment	3,583,418.11	388,428.15	43,193.75	3,928,652.51
Land Improvements	294,242.96	21,622.22		315,865.18
Intangible Assets	89,011.89			89,011.89
Total Capital Assets, Being Depreciated, Net	\$ 40,920,370.46	\$ -816,838.78	\$ 50,820.56	\$ 40,052,711.12
Governmental Activity Capital Assets - Net	\$ 42,673,411.46	\$ -816,838.78	\$ 75,820.56	\$ 41,780,752.12

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

Current year depreciation expense by function is as follows:

Instruction		\$ 475,892.23
Support Services		
Pupil Services	\$ 2,079.52	
Improvement of Instructional Services	450.67	
Educational Media Services	26,301.15	
General Administration	3,302.26	
School Administration	21,598.31	
Business Administration	1,857.26	
Maintenance and Operation of Plant	14,892.96	
Student Transportation Services	317,199.14	
Central Support Services	<u>11,719.07</u>	399,400.34
Food Services		<u>49,526.13</u>
		<u>\$ 924,818.70</u>

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Transfer to</u>	<u>Transfers From</u>	
	<u>General Fund</u>	<u>All Others</u>
General Fund		\$ 1,379.04
District-wide Capital Projects	\$ <u>630,000.00</u>	
Total	\$ <u>630,000.00</u>	\$ <u>1,379.04</u>

Transfers are used to move property tax revenues collected by the General Fund to (1) the District-wide Capital Projects Fund as required match or supplemental funding source for capital construction projects and (2) to move school activity account funds between governmental and agency accounts.

NOTE 8: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with torts, assets, and errors or omissions. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District has elected to self-insure for all losses related to acts of God. The School District has not experienced losses related to this risk in the past three years.

The School District is self-insured with regard to unemployment 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.

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2012	\$ 0.00	\$ 11,902.00	\$ 11,902.00	\$ 0.00
2013	\$ 0.00	\$ 55.00	\$ 55.00	\$ 0.00

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general worker's compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2 million. The Trust covers the first \$1 million of each Employers liability claim with Safety National providing additional Employers Liability limits up to a \$2 million per occurrence maximum. Safety National Casualty Company also provides \$2 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$20,000.00
Each Principal	\$7,500.00 - \$10,000.00

NOTE 9: OPERATING LEASES

Worth County Board Of Education has entered into various leases as lessee for digital copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2013, for governmental funds amounted to \$103,249.32. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Governmental Funds</u>
2014	\$ 91,740.00
2015	91,740.00
2016	91,740.00
Total	\$ 275,220.00

NOTE 10: POLLUTION REMEDIATION OBLIGATIONS

The School District is the owner of Holley Elementary School located at Carter Road, and is responsible for removal of mold throughout building. The School District has recorded a liability and expense related to this pollution remediation in the amount of \$125,000.00, on the Statement of Net Position and on the Statement of Activities. The estimates of the liabilities are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes,

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

additional contamination and any other changes detected. Pollution remediation liability activity in fiscal year 2013 was as follows:

	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
Pollution Remediation Obligations	\$ 125,000.00	\$ 0.00	\$ 0.00	\$ 125,000.00	\$ 0.00

NOTE 11: LONG-TERM DEBT

CAPITAL LEASES

The Worth County Board Of Education entered into a lease agreement for musical instruments. This lease agreement qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General Government - Series 2008	2.684%	\$ 6,450,000.00

Voters have authorized \$2,000,000.00 in general obligation debt for various SPLOST approved projects, which was not issued as of June 30, 2013.

The changes in Long-Term Debt during the fiscal year ended June 30, 2013, were as follows:

	Governmental Activities				
	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
G. O. Bonds	\$ 7,675,000.00		\$ 1,225,000.00	\$ 6,450,000.00	\$ 1,570,000.00
Capital Leases	0.00	\$ 9,462.01	2,866.81	6,595.20	3,145.00
	<u>\$ 7,675,000.00</u>	<u>\$ 9,462.01</u>	<u>\$ 1,227,866.81</u>	<u>\$ 6,456,595.20</u>	<u>\$ 1,573,145.00</u>

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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EXHIBIT "I"

At June 30, 2013, payments due by fiscal year which includes principal and interest for these items are as follows:

	Capital Leases	
	Principal	Interest
<u>Fiscal Year Ended June 30:</u>		
2014	\$ 3,145.00	\$ 640.00
2015	3,450.20	334.80
Total Principal and Interest	<u>\$ 6,595.20</u>	<u>\$ 974.80</u>
	General Obligation Debt	
	Principal	Interest
<u>Fiscal Year Ended June 30:</u>		
2014	\$ 1,570,000.00	\$ 173,118.00
2015	1,630,000.00	130,979.20
2016	1,685,000.00	87,230.00
2017	1,565,000.00	42,004.60
Total Principal and Interest	<u>\$ 6,450,000.00</u>	<u>\$ 433,331.80</u>

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$1,961,808.39 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

Paid to the Georgia Department of Community Health

For Health Insurance of Certificated Personnel

In the amount of \$1,894,920.00

Paid to the Teachers' Retirement System of Georgia

For Teachers' Retirement System (TRS) Employer's Cost

In the amount of \$8,484.39

Office of the State Treasurer

Paid to the Public School Employees' Retirement System

For Public School Employees' Retirement (PSERS) Employer's Cost

In the amount of \$58,404.00

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

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

NOTE 14: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2013, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2013, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2013, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2013:

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

July 2012 - February 2013	\$912.34 per member per month
March 2013 - June 2013	\$937.34 per member per month

For non-certificated school personnel:

July 2012 - June 2013	\$446.20 per member per month
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WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

No additional contribution was required by the Board for fiscal year 2013 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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>
2013	100%	\$ 3,066,855.48
2012	100%	\$ 2,792,232.06
2011	100%	\$ 2,750,016.14

NOTE 15: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

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

WORTH COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

EXHIBIT "I"

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, 2013, were 6.00% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010, actuarial valuation. The employer contribution rate will increase to 12.28% effective July 1, 2013.

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>
2013	100%	\$ 1,926,020.28
2012	100%	\$ 1,722,825.22
2011	100%	\$ 1,709,501.53

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employees' Retirement System of Georgia. The System is funded by contributions by the employees and by the State of Georgia. The School District makes no contribution to this plan.

DEFINED CONTRIBUTION PLAN

In October 5, 2004, Worth County Board Of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees' Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Valic Financial Advisors, Inc. as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 1.0 percent of the employee's base pay.

The employee becomes vested in the plan with 0 years of experience. Employees who had already achieved 0 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 0 years of service to Worth County Board Of Education. If an employee terminates employment prior to achieving 0 years of service, funds paid on behalf of the non-vested employee are credited back to the Board.

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>
2013	100%	\$ 12,520.81
2012	100%	\$ 11,544.99
2011	100%	\$ 12,440.53

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WORTH COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	\$ 6,827,628.45	\$ 6,827,628.45	\$ 7,109,174.04	\$ 281,545.59
Sales Taxes	55,000.08	55,000.08	90,277.83	35,277.75
State Funds	17,332,992.86	17,478,499.21	17,553,343.67	74,844.46
Federal Funds	3,954,141.15	4,577,726.00	4,102,285.17	-475,440.83
Charges for Services	221,817.74	221,817.74	373,739.06	151,921.32
Investment Earnings	4,500.00	4,500.00	3,045.72	-1,454.28
Miscellaneous	190,000.00	252,260.40	479,232.85	226,972.45
Total Revenues	\$ 28,586,080.28	\$ 29,417,431.88	\$ 29,711,098.34	\$ 293,666.46
EXPENDITURES				
Current				
Instruction	\$ 18,431,364.86	\$ 18,975,459.01	\$ 18,321,973.16	\$ 653,485.85
Support Services				
Pupil Services	1,113,902.22	1,180,259.22	1,275,171.27	-94,912.05
Improvement of Instructional Services	963,759.67	1,122,291.03	1,182,266.95	-59,975.92
Educational Media Services	558,562.87	558,961.87	543,482.25	15,479.62
General Administration	424,676.31	465,815.71	324,578.39	141,237.32
School Administration	1,812,158.05	1,810,264.05	1,758,242.29	52,021.76
Business Administration	323,387.82	323,387.82	337,157.90	-13,770.08
Maintenance and Operation of Plant	1,854,407.47	1,867,373.72	1,871,564.50	-4,190.78
Student Transportation Services	1,882,793.68	1,902,923.61	1,610,673.37	292,250.24
Central Support Services	386,641.57	386,641.57	328,822.30	57,819.27
Other Support Services	105,512.49	95,141.00	246,224.30	-151,083.30
Enterprise Operations			157,279.13	-157,279.13
Food Services Operation	2,269,964.14	2,269,964.14	2,054,509.21	215,454.93
Debt Service			3,785.00	-3,785.00
Total Expenditures	\$ 30,127,131.15	\$ 30,958,482.75	\$ 30,015,730.02	\$ 942,752.73
Excess of Revenues over (under) Expenditures	\$ -1,541,050.87	\$ -1,541,050.87	\$ -304,631.68	\$ 1,236,419.19
OTHER FINANCING SOURCES (USES)				
Other Sources	\$ 1,541,050.87	\$ 1,541,050.87	\$ 10,841.05	\$ -1,530,209.82
Other Uses			-630,000.00	-630,000.00
Total Other Financing Sources (Uses)	\$ 1,541,050.87	\$ 1,541,050.87	\$ -619,158.95	\$ -2,160,209.82
Net Change in Fund Balances	\$ 0.00	\$ 0.00	\$ -923,790.63	\$ -923,790.63
Fund Balances - Beginning	5,041,373.92	5,041,373.92	5,041,373.92	0.00
Adjustments		1,004.44		-1,004.44
Fund Balances - Ending	\$ 5,041,373.92	\$ 5,042,378.36	\$ 4,117,583.29	\$ -924,795.07

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$380,140.31 and \$397,958.75, respectively.

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

See notes to the basic financial statements.

WORTH COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

SCHEDULE "2"

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	(2)
National School Lunch Program	* 10.555	N/A	\$ 1,957,290.65 (1)
Total U. S. Department of Agriculture			\$ 1,957,290.65
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	\$ 620,284.38
Preschool Grants	84.173	N/A	43,538.63
Total Special Education Cluster			\$ 663,823.01
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,477,204.96
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 46,937.24
Education Jobs Fund	84.410	N/A	1,330.00
Improving Teacher Quality State Grants	84.367	N/A	269,012.23
Total Other Programs			\$ 317,279.47
Total U. S. Department of Education			\$ 2,458,307.44
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program			\$ 70,019.20
Total Expenditures of Federal Awards			\$ 4,485,617.29

N/A = Not Available

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 \$120,115.37.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$442,308.29) were not maintained separately and are included in the 2013 National School Lunch Program.

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 Worth 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.

See notes to the basic financial statements.

WORTH COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2013

SCHEDULE "3"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL FUND</u>
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 561,904.73
Education, Georgia Department of	
Quality Basic Education (1)	
Direct Instructional Cost	
Kindergarten Program	746,133.00
Kindergarten Program - Early Intervention Program	695,718.00
Primary Grades (1-3) Program	1,753,590.00
Primary Grades - Early Intervention (1-3) Program	1,730,148.00
Upper Elementary Grades (4-5) Program	803,637.00
Upper Elementary Grades - Early Intervention (4-5) Program	859,591.00
Middle School (6-8) Program	2,082,675.00
High School General Education (9-12) Program	1,709,978.00
Vocational Laboratory (9-12) Program	821,253.00
Students with Disabilities	1,043,493.00
Gifted Student - Category VI	721,646.00
Remedial Education Program	625,650.00
Alternative Education Program	168,104.00
English Speakers of Other Languages (ESOL)	20,175.00
Media Center Program	379,096.00
20 Days Additional Instruction	120,961.00
Staff and Professional Development	69,659.00
Indirect Cost	
Central Administration	521,568.00
School Administration	709,038.00
Facility Maintenance and Operations	856,946.00
Mid-term Adjustment Hold-Harmless	147,275.00
Amended Formula Adjustment	-2,575,538.00
Categorical Grants	
Pupil Transportation	
Regular	756,514.00
Education Equalization Funding Grant	1,795,542.00
Food Services	48,488.00
Nursing Services	66,607.00
Other State Programs	
Preschool Handicapped Program	50,989.00
Teachers' Retirement	8,484.39
Vocational Education	65,121.00
Vocational Construction Related Equipment - State Bonds	130,493.55
Office of the State Treasurer	
Public School Employees' Retirement	<u>58,404.00</u>
	 \$ <u><u>17,553,343.67</u></u>

- (1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of \$1,894,920.00 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

WORTH COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2013

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST 3 (Beginning 2007)							
1) Acquiring, constructing and equipping a new elementary school;	\$ 7,590,880.21	\$ 15,864,996.38	\$ 0.00	\$ 15,864,996.38	\$ 15,864,996.38	0.00	Completed
2) adding to, remodeling, renovating, improving, and equipping Worth County Primary, Middle, and High School and other educational buildings, properties, and facilities of the School District;		86,236.64	0.00	86,236.64	86,236.64	0.00	Completed
3) acquiring property, both real and personal, and equipment necessary for the school system, including school buses, maintenance and bus garage vehicles, computers and related technology, safety and security equipment, a fireproof records vault, copiers, energy management systems, heating and air conditioning systems, lighting, and similar equipment;		528,750.00	199,219.18	16,175.00			6/30/2014
4) repaying a portion of and interest on Worth County School District General Obligation Bonds.	3,409,119.79	1,235,911.57	102,998.50	1,132,913.07	1,235,911.57	0.00	Completed
Total SPLOST 3	\$ 11,000,000.00	\$ 17,715,894.59	\$ 302,217.68	\$ 17,100,321.09	\$ 17,187,144.59	0.00	
SPLOST 4 (Beginning 2012)							
1) Retiring previously incurred general obligation debt of the Worth County School District,	\$ 3,355,954.00	\$ 536,330.30	\$ 102,998.50	\$ 0.00	0.00		9/30/2017
2) Acquisition, construction and renovation of facilities and equipment throughout the School District including: security cameras and key scanners on doors at schools, removal, repair and replacement of flooring, new technology, replacement of ceiling tiles in lunchrooms, resurfacing and paving of parking lots, demolition of unused facilities, renovation of central office facilities at any existing facility, stadium and field house renovations, purchase of buses and security cameras for buses,	6,039,046.00	6,039,046.00					9/30/2017
3) Acquisition, construction and renovation of facilities and equipment at specific schools including: new bleachers in gymnasium, resurfacing of tennis courts, a new track, and a multipurpose storage building at Worth County High	1,625,000.00	1,625,000.00	21,356.70				9/30/2017
a multipurpose storage building at Worth County Middle School,	700,000.00	700,000.00					9/30/2017
extension of awnings at Worth County Primary School,	15,000.00	15,000.00					9/30/2017
new gymnasium bleachers and extension of awnings at Worth County Elementary School.	265,000.00	265,000.00					9/30/2017
Total SPLOST 4	\$ 12,000,000.00	\$ 9,180,376.30	\$ 124,355.20	\$ 0.00	\$ 0.00	0.00	
	\$ 23,000,000.00	\$ 26,896,270.89	\$ 426,572.88	\$ 17,100,321.09	\$ 17,187,144.59	0.00	

WORTH COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2013

SCHEDULE "4"

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Worth 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.

See notes to the basic financial statements.

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WORTH COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2013

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 845,124.00	\$ 680,585.64	\$ 37,207.20	\$ 717,792.84
Kindergarten Program-Early Intervention Program	794,327.00	412,828.45	1,337.93	414,166.38
Primary Grades (1-3) Program	1,948,066.00	1,814,365.16	116,108.29	1,930,473.45
Primary Grades-Early Intervention (1-3) Program	1,949,615.00	947,450.67	2,675.85	950,126.52
Upper Elementary Grades (4-5) Program	884,077.00	1,048,200.28	75,015.36	1,123,215.64
Upper Elementary Grades-Early Intervention (4-5) Program	1,052,483.00	528,691.67		528,691.67
Middle School (6-8) Program	2,422,605.00	2,798,536.45	126,893.04	2,925,429.49
High School General Education (9-12) Program	1,937,439.00	2,335,223.35	158,605.77	2,493,829.12
Vocational Laboratory (9-12) Program	929,268.00	730,965.42	174,159.90	905,125.32
Students with Disabilities	1,216,983.00			
Category I		12,119.76		12,119.76
Category II		486,520.99		486,520.99
Category III		683,821.59	714.56	684,536.15
Category IV		171,474.96		171,474.96
Gifted Student - Category VI	804,587.00	747,350.87	11,897.85	759,248.72
Remedial Education Program	678,940.00	397,237.29		397,237.29
Alternative Education Program	192,344.00	233,447.64		233,447.64
English Speakers of Other Languages (ESOL)	19,692.00	41,316.99		41,316.99
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$ 15,675,550.00	\$ 14,070,137.18	\$ 704,615.75	\$ 14,774,752.93
Media Center Program	428,989.00	407,621.63	89,626.45	497,248.08
Staff and Professional Development	79,211.00	25,096.77	26,922.00	52,018.77
TOTAL QBE FORMULA FUNDS	\$ 16,183,750.00	\$ 14,502,855.58	\$ 821,164.20	\$ 15,324,019.78

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

(2) Allotments do not include the impact of the State amended formula adjustment.

(3) Allotments do not include the State Health payments made to GDOE to the Department of Community Health for the certified employees.

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 14, 2014

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

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

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County Board of Education as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Worth County Board of Education's basic financial statements and have issued our report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

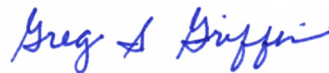
As part of obtaining reasonable assurance about whether Worth County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

We noted certain matters that we have reported to management of Worth County Board of Education in a separate letter dated March 14, 2014.

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2013YB-10



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 14, 2014

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Worth County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013. Worth County Board of Education's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Worth County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

WORTH COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

<u>FINDING CONTROL NUMBER</u>	<u>AUDITEE'S RESPONSE/STATUS</u>	<u>SEE AUDITOR'S COMMENTS</u>
FS-7591-11-01	Further Action Not Warranted	(1)
FS-7591-12-01	Further Action Not Warranted	(1)

AUDITOR'S COMMENTS

- (1) Findings/internal control deficiencies of this nature, that are not deemed significant deficiencies or material weaknesses and do not require reporting in the audit report in accordance with *Statements on Auditing Standards* (SAS) 122 or *Governmental Auditing Standards* (Yellow Book), will be communicated in a management letter.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

WORTH COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None Reported

Noncompliance material to financial statements noted: No

Federal Awards

Internal Control over major programs:

- Material weakness identified? No
- Significant deficiency identified? None Reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.