

MERIWETHER COUNTY BOARD OF EDUCATION
GREENVILLE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012
(Including Independent Auditor's Reports)

MERIWETHER COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

April 12, 2013

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

INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Ladies and Gentlemen:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Meriwether County Board of Education, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2013, on our consideration of the Meriwether 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* and should be considered in assessing the results of our audit.

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 25 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Meriwether County Board of Education's financial statements as a whole. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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
2012ARL-11

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

Introduction

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

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets increased $1.89 million, which represents a 7.6 percent increase from fiscal year 2011. This total increase was due to governmental activities since the Board has no business-type activities.

- On the District-wide financial statements, the assets of the School District exceeded liabilities by $26.6 million.

- The School District has $35.2 million in expenses related to governmental activities; only $23.9 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of $13.2 million were used to provide for these programs.

- As stated above, general revenues accounted for $13.2 million or 35.6 percent of all revenues totaling $37.1 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include 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 Assets" and "Statement of Activities". These statements provide information about 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. "Fiduciary Funds" statement provides information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Meriwether County School District, the General Fund, District-wide Capital Projects Fund and Debt Service Fund are the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

District-wide Statements

Since Meriwether County School District has no operations that have been classified as "Business Activities", the District-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The "Statement of Net Assets" and the "Statement of Activities" provides the basis for answering this question. These financial statements include all School District's assets and liabilities and uses 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 assets and any changes in those assets. The change in net assets is important because it tells the reader that, 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 results of many factors, including those not under the School District's control, such as the reduction in state funding, property tax base, facility conditions, required educational programs and other factors.

The "Statement of Net Assets" and the "Statement of Activities" reflects the School District's governmental activities.

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detail information about only the School District's significant or major funds.

Governmental Funds: 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 you 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 Assets 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 clubs, organizations and others within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

- Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for fiscal year 2012 compared to fiscal year 2011.

Table 1
Net Assets
(In Thousands)

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011
Assets		
Current and Other Assets	$ 7,763	$ 13,646
Capital Assets, Net	42,575	40,489
Total Assets	$ 50,338	$ 54,135
Liabilities		
Current and Other Liabilities	$ 4,711	$ 8,557
Long-Term Liabilities	19,030	20,869
Total Liabilities	$ 23,741	$ 29,426
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 23,662	$ 20,643
Restricted	768	962
Unrestricted	2,167	3,104
Total Net Assets	$ 26,597	$ 24,709

Total net assets increased $1.89 million in fiscal year 2012.

Table 2 shows the changes in net assets for fiscal year 2012 compared to the changes in net assets for fiscal year 2011.

Table 2
Change in Net Assets
(In Thousands)

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 197	$ 466
Operating Grants and Contributions	20,641	21,895
Capital Grants and Contributions	3,141	2,066
Total Program Revenues	$ 23,979	$ 24,427
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 8,514	$ 9,069
For Debt Services	803	585
Railroad Cars	57	60
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services	1,695	1,668
Intangible Recording Tax	76	94
Grants and Contributions not Restricted to Specific Programs	966	1,119
Investment Earnings	5	9
Miscellaneous	1,012	685
Special Items		
Building	27	
Total General Revenues and Special Items	$ 13,155	$ 13,289
Total Revenues	$ 37,134	$ 37,716
Program Expenses:		
Instruction	$ 21,396	$ 21,992
Support Services		
Pupil Services	1,080	970
Improvement of Instructional Services	1,403	1,016
Educational Media Services	372	317
General Administration	1,043	1,109
School Administration	1,888	1,859
Business Administration	317	421
Maintenance and Operation of Plant	2,019	2,360
Student Transportation Services	2,660	2,375
Central Support Services	45	45
Other Support Services	161	119
Operations of Non-Instructional Services		
Enterprise Operations	262	284
Food Services	1,775	1,800
Interest on Short-Term and Long-Term Debt	825	840
Total Expenses	$ 35,246	$ 35,507
Increase in Net Assets	$ 1,888	$ 2,209

Governmental Activities

Instruction comprises 60.8 percent of governmental program expenses. Interest expense was 2.3 percent of governmental program expenses. Interest expense was attributable to capital leases and the outstanding bonds for capital projects.

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 comparing fiscal year 2012 with fiscal year 2011. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2011
Instruction	$ 21,396	$ 21,992	$ 5,522	$ 5,000
Support Services:				
Pupil Services	1,080	970	669	598
Improvement of Instructional Services	1,403	1,016	128	340
Educational Media Services	372	317	19	-64
General Administration	1,043	1,109	286	278
School Administration	1,888	1,859	799	815
Business Administration	317	421	295	420
Maintenance and Operation of Plant	2,019	2,360	1,020	1,450
Student Transportation Services	2,660	2,375	1,385	1,015
Central Support Services	45	45	44	45
Other Support Services	161	119	6	7
Operations of Non-Instructional Services:				
Enterprise Operations	262	284	136	16
Food Services	1,775	1,800	198	320
Interest on Short-Term and Long-Term Debt	825	840	759	840
Total Expenses	$ 35,246	$ 35,507	$ 11,266	$ 11,080

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 26 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 32.2 percent.

FINANCIAL ANALYSIS OF 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 and other financing sources of $37.2 million and expenditures and other financing uses of $39.2 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2012, the School District amended its general fund budget as needed.

For the General Fund, the actual revenues and other financing sources of $31.8 million was less than the original budgeted amount of $32.4 million by $591 thousand. This difference (actual vs. original budget) was primarily due to less actual state and Federal revenue received along with increased actual property tax revenue and miscellaneous.

The final budgeted expenditures and other financing uses of $33.0 million was more than the original budgeted amount of $32.5 million by $0.5 million. The difference was primarily due to an increase in expenditures to coincide with increased revenues from Property taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the School District had $42.5 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2012 balances compared with fiscal year 2011 balances, net of depreciation.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011
Land	$ 532	$ 532
Construction in Progress		3,414
Land Improvements	2,296	2,453
Buildings and Building Improvemen	37,615	32,217
Equipment	2,132	1,873
Total	$ 42,575	$ 40,489

Debt

At June 30, 2012, the School District had $10.9 million in bonds outstanding with $1.5 million due within one year and $8.1 million in intergovernmental contracts outstanding with $329 thousand due within one year. Table 5 summarizes the School District's debt for compensated absences, general obligation bonds, intergovernmental contract and capital leases.

Table 5
Debt at June 30
(in Thousands)

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011
Capital Leases		$ 112
Compensated Absences	$ 67	66
General Obligation Bonds	10,860	12,270
Intergovernmental Agreement	8,103	8,421
Total	$ 19,030	$ 20,869

At June 30, 2012, the School District's Series 2007 Bonds are "AA+" by virtue of the State Intercept Program as determined by the Standard and Poor's Rating Services.

Current Issues

Meriwether County is on the fringe of the Greater Atlanta Area and the Greater Columbus Area. It is fifty miles from Atlanta and fifty miles from Columbus. It is poised for growth over the next decade. The School District has made extraordinary efforts to upgrade facilities with the replacement of five aging elementary schools with three state of the art elementary schools. The School District has also replaced one of its two high schools and extensively upgraded the other high school. The School District also just completed the replacement of a middle school in fiscal year 2007. While these capital projects have put a strain on the fiscal integrity of the School District, recent untimely "austerity" reductions in state funding have been devastating to the system's reserves. To address this deficit situation, the School District has begun a process of revenue enhancements and staff reduction through attrition to restore the financial integrity to the School District.

Contacting the Board'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 financial information, contact Bridgett Holder, Finance Director at the Meriwether County Board of Education, P.O. Box 70, 2100 Gaston Street, Greenville, Georgia 30222. You may also email your questions to bridgett.holder@mcssga.org.

MERIWETHER COUNTY BOARD OF EDUCATION

MERIWETHER COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 1,615,493.70
Investments	462,273.17
Accounts Receivable, Net	
Taxes	1,774,562.06
State Government	1,938,711.16
Federal Government	1,080,414.01
Local	9,940.17
Other	366,655.62
Inventories	118,492.52
Prepaid Items	238,756.57
Deferred Charges	157,486.00
Capital Assets, Non-Depreciable	531,808.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	42,042,782.47
Total Assets	$ 50,337,375.45
LIABILITIES	
Accounts Payable	$ 455,318.88
Salaries and Benefits Payable	3,548,287.36
Payroll Withholdings Payable	416,108.19
Interest Payable	217,851.63
Contracts Payable	72,945.00
Deposits and Deferred Revenues	100.00
Long-Term Liabilities	
Due Within One Year	1,798,879.00
Due in More Than One Year	17,231,217.91
Total Liabilities	$ 23,740,707.97
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 23,662,001.95
Restricted for	
Continuation of Federal Programs	98,684.09
Debt Service	668,384.05
Capital Projects	670.30
Unrestricted	2,166,927.09
Total Net Assets	$ 26,596,667.48
Total Liabilities and Net Assets	$ 50,337,375.45

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

MERIWETHER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 21,395,579.00	$ 8,968.00
Support Services		
Pupil Services	1,079,990.74	
Improvement of Instructional Services	1,403,322.87	
Educational Media Services	372,109.99	
General Administration	1,042,945.97	
School Administration	1,888,431.67	
Business Administration	317,102.90	
Maintenance and Operation of Plant	2,018,832.75	
Student Transportation Services	2,660,312.37	
Central Support Services	44,653.00	
Other Support Services	160,554.44	
Operations of Non-Instructional Services		
Enterprise Operations	261,982.21	125,664.83
Food Services	1,775,477.08	62,715.48
Interest on Short-Term and Long-Term Debt	824,703.15	
Total Governmental Activities	$ 35,245,998.14	$ 197,348.31
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Other Taxes		
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		
Special Items		
Gain on Sale of Building		
Total General Revenues and Special Items		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 12,971,105.62	$ 2,893,321.73	$ -5,522,183.65
410,531.90		-669,458.84
1,275,428.93		-127,893.94
353,424.30		-18,685.69
742,829.30	14,592.89	-285,523.78
1,088,223.43	1,170.24	-799,038.00
22,240.24		-294,862.66
997,996.75	1,165.66	-1,019,670.34
1,122,988.26	152,439.00	-1,384,885.11
		-44,653.00
154,092.59		-6,461.85
		-136,317.38
1,502,387.55	12,332.27	-198,041.78
	65,595.99	-759,107.16
$ 20,641,248.87	$ 3,140,617.78	$ -11,266,783.18
		$ 8,514,022.47
		802,978.90
		56,971.81
		1,695,128.70
		75,546.48
		965,735.00
		5,020.54
		1,012,754.18
		26,500.00
		$ 13,154,658.08
		$ 1,887,874.90
		24,708,792.58
		$ 26,596,667.48

MERIWETHER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,513,533.79		$ 155,434.62	$ 1,668,968.41
Investments			462,273.17	462,273.17
Accounts Receivable, Net				
Taxes	1,506,034.21		268,527.85	1,774,562.06
State Government	1,817,826.76	$ 120,884.40		1,938,711.16
Federal Government	1,080,414.01			1,080,414.01
Local	9,940.17			9,940.17
Other	315,128.59	51,527.03		366,655.62
Inventories	118,492.52			118,492.52
Prepaid Items	238,756.57			238,756.57
Total Assets	$ 6,600,126.62	$ 172,411.43	$ 886,235.64	$ 7,658,773.69
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash Overdraft		$ 53,474.71		$ 53,474.71
Accounts Payable	$ 410,682.94	44,635.94		455,318.88
Salaries and Benefits Payable	3,548,287.36			3,548,287.36
Payroll Withholdings Payable	416,108.19			416,108.19
Contracts Payable		72,945.00		72,945.00
Deposits and Deferred Revenue	1,103,571.54		$ 95,503.66	1,199,075.20
Total Liabilities	$ 5,478,650.03	$ 171,055.65	$ 95,503.66	$ 5,745,209.34
FUND BALANCES				
Nonspendable	$ 357,249.09			$ 357,249.09
Restricted	34,233.35	$ 1,355.78	$ 790,731.98	826,321.11
Assigned	87,681.61			87,681.61
Unassigned	642,312.54			642,312.54
Total Fund Balances	$ 1,121,476.59	$ 1,355.78	$ 790,731.98	$ 1,913,564.35
Total Liabilities and Fund Balances	$ 6,600,126.62	$ 172,411.43	$ 886,235.64	$ 7,658,773.69

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

MERIWETHER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 1,913,564.35
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 531,808.00	
Land Improvements	4,324,836.92	
Buildings	51,828,079.68	
Equipment	5,745,252.25	
Accumulated Depreciation	-19,855,386.38	
Total Capital Assets		42,574,590.47
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
Property Taxes		1,198,975.20
Other Long-Term Assets are not available to pay for current period expenditures and therefore, are deferred on the Statement of Net Assets.		
Deferred Charges - Capitalized Bond Issuance Costs		157,486.00
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	$ -10,860,000.00	
Intergovernmental Contract	-8,475,000.00	
Deferred Amount on Refunding	372,226.00	
Accrued Interest	-217,851.63	
Compensated Absences Payable	-67,322.91	
Total Long-Term Liabilities		-19,247,948.54
Net Assets of Governmental Activities (Exhibit "A")		$ 26,596,667.48

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

MERIWETHER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 8,662,143.47		$ 790,960.62	$ 9,453,104.09
Sales Taxes	71,100.39		1,699,574.79	1,770,675.18
State Funds	15,338,866.48	$ 1,208,844.00		16,547,710.48
Federal Funds	6,420,556.38			6,420,556.38
Charges for Services	197,348.31			197,348.31
Investment Earnings	3,852.62	670.30	497.62	5,020.54
Miscellaneous	1,078,350.17			1,078,350.17
Total Revenues	$ 31,772,217.82	$ 1,209,514.30	$ 2,491,033.03	$ 35,472,765.15
EXPENDITURES				
Current				
Instruction	$ 19,762,804.20			$ 19,762,804.20
Support Services				
Pupil Services	1,102,751.89			1,102,751.89
Improvement of Instructional Services	1,403,322.87			1,403,322.87
Educational Media Services	372,109.99			372,109.99
General Administration	1,058,014.31			1,058,014.31
School Administration	1,886,422.04			1,886,422.04
Business Administration	277,758.90			277,758.90
Maintenance and Operation of Plant	2,076,785.65	$ 267,121.06		2,343,906.71
Student Transportation Services	2,459,996.56			2,459,996.56
Central Support Services	44,653.00			44,653.00
Other Support Services	160,554.44			160,554.44
Enterprise Operations	261,982.21			261,982.21
Food Services Operation	1,754,299.11			1,754,299.11
Capital Outlay		3,577,596.04		3,577,596.04
Debt Services				
Principal	112,200.69		$ 1,755,000.00	1,867,200.69
Interest	35,994.52		810,432.75	846,427.27
Total Expenditures	$ 32,769,650.38	$ 3,844,717.10	$ 2,565,432.75	$ 39,179,800.23
Excess of Revenues over (under) Expenditures	$ -997,432.56	$ -2,635,202.80	$ -74,399.72	$ -3,707,035.08
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	$ 26,500.00			$ 26,500.00
Insurance Proceeds		$ 1,713,738.80		1,713,738.80
Transfers In		121,471.91	$ 107,124.19	228,596.10
Transfers Out	-228,596.10			-228,596.10
Total Other Financing Sources (Uses)	$ -202,096.10	$ 1,835,210.71	$ 107,124.19	$ 1,740,238.80
Net Change in Fund Balances	$ -1,199,528.66	$ -799,992.09	$ 32,724.47	$ -1,966,796.28
Fund Balances - Beginning	2,321,005.25	801,347.87	758,007.51	3,880,360.63
Fund Balances - Ending	$ 1,121,476.59	$ 1,355.78	$ 790,731.98	$ 1,913,564.35

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

MERIWETHER 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, 2012

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -1,966,796.28
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	$ 4,035,031.87	
Depreciation Expense	-1,949,072.28	
Excess of Capital Outlay over Depreciation Expense		2,085,959.59
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-79,130.91
Bond issuance costs, deferred gains on refunding bonds 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 Assets 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	$ -13,223.00	
Amortization of Deferred Gain on Refunding of Bonds	-26,121.00	
Total Bond Issuance Costs		-39,344.00
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 Assets. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 1,410,000.00	
Accrued Interest	21,724.12	
Capital Lease Payments	112,200.69	
Intergovernmental Contract Repayments	345,000.00	
Total Long-Term Debt Repayments		1,888,924.81
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:		
Increase in Compensated Absences		-1,738.31
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 1,887,874.90

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

MERIWETHER COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 59,527.49
Investments	8,091.01
Total Assets	$ 67,618.50
LIABILITIES	
Funds Held for Others	$ 67,618.50

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Meriwether 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 Meriwether County Board of Education.

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

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

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

Fund Financial Statements:
The fund financial statements provide information about the School District's funds, including Fiduciary. 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 Bond Proceeds and grants from Georgia State Financing and Investment Commission 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 (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported 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, except for reimbursable grants. 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 and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated 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 risk, custodial credit risk, concentration credit risks, interest rate risks or foreign currency risks.

RECEIVABLES

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

PROPERTY TAXES

The Meriwether County Board of Commissioners fixed the property tax levy for the 2011 tax digest year (calendar year) on September 30, 2011 (levy date). Taxes were due on December 20, 2011 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2011 tax digest are reported as revenue in the governmental funds for fiscal year 2012. The Meriwether County Tax Commissioner bills and collects the property taxes for the School District, withholds 0.25% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2012, for maintenance and operations amounted to $8,605,171.66 and for school bonds amounted to $790,960.62.

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

School Operations	17.181 mills
School Bonds	1.650 mills
	18.831 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $1,695,128.70 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, 2012, are recorded as prepaid items.

CAPITAL ASSETS

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

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

		Capitalization Policy	Estimated Useful Life
Land	$	5,000.00	N/A
Land Improvements	$	5,000.00	20 years
Buildings and Improvements	$	5,000.00	7 to 40 years
Equipment	$	5,000.00	5 to 15 years
Intangible Assets	$	500,000.00	individually determined

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.

COMPENSATED ABSENCES

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

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 10 days.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2010	$ 73,221.52	$ 0.00	$ 13,582.00	$ 59,639.52
2011	$ 59,639.52	$ 5,945.08	$ 0.00	$ 65,584.60
2012	$ 65,584.60	$ 1,738.31	$ 0.00	$ 67,322.91

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. In addition, general obligation bonds have been issued to refund existing general obligation bonds. 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 Assets.

NET ASSETS

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

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

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

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

FUND BALANCES

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

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

Restricted – Constraints are placed on the use of resources 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, 2012, are as follows:

Nonspendable		
Inventories	$ 118,492.52	
Prepaid Assets	238,756.57	$ 357,249.09
Restricted		
Continuation of Federal Programs	$ 34,233.35	
Capital Projects	1,355.78	
Debt Service	790,731.98	826,321.11
Assigned		
School Activity Accounts		87,681.61
Unassigned		642,312.54
Fund Balance, June 30, 2012		$ 1,913,564.35

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year end, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

USE OF ESTIMATES

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

NOTE 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 fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for the general fund is prepared and adopted by 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 AND INVESTMENTS

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
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, 2012, the bank balances were $1,993,940.20. The bank balances were covered by Federal depository insurance or collateralized with securities held by the pledging financial institution in the School District's name.

CATEGORIZATION OF INVESTMENTS

At June 30, 2012, the carrying value of the School District's total investments was $462,273.17, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of the

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

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

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, 2011	Increases	Decreases	Balances June 30, 2012
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 531,808.00			$ 531,808.00
Construction in Progress	3,413,784.24	$ 3,273,235.62	$ 6,687,019.86	0.00
Total Capital Assets Not Being Depreciated	$ 3,945,592.24	$ 3,273,235.62	$ 6,687,019.86	$ 531,808.00
Capital Assets Being Depreciated				
Buildings and Improvements	$ 45,068,114.82	$ 6,759,964.86		$ 51,828,079.68
Equipment	5,441,817.00	631,681.25	$ 328,246.00	5,745,252.25
Land Improvements	4,267,666.92	57,170.00		4,324,836.92
Less Accumulated Depreciation for:				
Buildings and Improvements	12,851,487.76	1,361,455.41		14,212,943.17
Equipment	3,568,665.41	372,655.72	328,246.00	3,613,075.13
Land Improvements	1,814,406.93	214,961.15		2,029,368.08
Total Capital Assets, Being Depreciated, Net	$ 36,543,038.64	$ 5,499,743.83	$ 0.00	$ 42,042,782.47
Governmental Activity Capital Assets - Net	$ 40,488,630.88	$ 8,772,979.45	$ 6,687,019.86	$ 42,574,590.47

Capital assets being acquired under capital leases as of June 30, 2012, are as follows:

	Governmental Funds
Equipment	$ 442,500.00
Less: Accumulated Depreciation	157,187.50
	$ 285,312.50

Current year depreciation expense by function is as follows:

Instruction		$ 1,572,264.39
Support Services		
Pupil Services	$ 466.00	
General Administration	24,483.39	
School Administration	1,738.20	
Maintenance and Operation of Plant	7,378.95	
Student Transportation Services	324,423.79	358,490.33
Food Services		18,317.56
		$ 1,949,072.28

NOTE 7: INTERFUND TRANSFERS

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

Transfers to	Transfers From General Fund
District-wide Capital Projects	$ 121,471.91
Debt Service Fund	107,124.19
Total	$ 228,596.10

Transfers are used to move (1) local funds collected by the General Fund to the District-wide Capital Projects Fund as required match or supplemental funding source for capital construction projects, (2) property tax revenues from the General Fund for retiring principal and interest on the Series 2004 Bond Issue to the Debt Service Fund, and (3) IRS reimbursement revenues collected by the General Fund to the Debt Service Fund for retiring interest on the 2010 QSCB Bond.

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

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2011	$ 0.00	$ 31,968.62	$ 31,968.62	$ 0.00
2012	$ 0.00	$ 45,912.16	$ 45,912.16	$ 0.00

The School District participates in the Georgia School Boards Association Workers' Compensation Fund, a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to $2 million.

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

Position Covered	Amount
Superintendent	$ 50,000.00
Other Employees	$ 50,000.00

NOTE 9: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ 0.00	$ 2,000,000.00	$ 2,000,000.00	$ 0.00

In addition to the short-term debt mentioned above, the School District issues tax anticipation notes in the amount of $2,600,000.00 in the subsequent period in advance of property tax collections, depositing the proceeds in its General fund.

NOTE 10: LONG-TERM DEBT

CAPITAL LEASES

The Meriwether County Board of Education entered into various lease agreements for school buses. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

COMPENSATED ABSENCES

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

INTERGOVERNMENTAL CONTRACT

The Meriwether County Board of Education entered into a contract with the Meriwether County Public Facilities Authority (Authority) dated October 1, 1999, for the issuance of bonds to provide funds for the financing of the construction and renovation of various school facilities owned by the School District. Under the terms of the contract, the Authority issued $8,810,000.00 (less issuance costs of $229,391.00) in revenue bonds on behalf of the School District. On January 4, 2006, the Authority issued refunding bonds in the amount of $8,160,000.00 (less issuance costs of $171,600.00) to refund a portion of the October 1, 1999, issue due from October 1, 2010, through October 1, 2026.

On July 20, 2010, the Authority issued QSCB bonds in the amount of $1,240,000.00 (less issuance costs of $49,500.00) on behalf of the school district.

The School District has contractually agreed to make semi-annual payments to the Authority sufficient to retire principal and interest on the outstanding bonds. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

The debt at June 30, 2012, associated with these agreements is as follows:

Purpose	Interest Rates	Amount
General Government - Refunding - Series 2006	4.21%	$ 7,235,000.00
General Government - QSCB - Series 2010	5.29%	1,240,000.00
		$ 8,475,000.00

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2004	3.84%	$ 3,905,000.00
General Government - Refunding - Series 2005	3.27%	5,075,000.00
General Government - Series 2007	3.70% - 4.10%	1,880,000.00
		$ 10,860,000.00

The changes in Long-Term Debt during the fiscal year ended June 30, 2012, were as follows:

	Governmental Funds				
	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
Intergovernmental Agreement	$ 8,820,000.00		$ 345,000.00	$ 8,475,000.00	$ 355,000.00
Less: Deferred Amounts					
On Refunding	-398,347.00	$ 26,121.00		-372,226.00	-26,121.00
Agreement	$ 8,421,653.00	$ 26,121.00	$ 345,000.00	$ 8,102,774.00	$ 328,879.00
G. O. Bonds	12,270,000.00		1,410,000.00	10,860,000.00	1,470,000.00
Capital Leases	112,200.69		112,200.69	0.00	
Compensated Absences(1)	65,584.60	1,738.31		67,322.91	(1)
	$ 20,869,438.29	$ 27,859.31	$ 1,867,200.69	$ 19,030,096.91	$ 1,798,879.00

(1) The portion of Compensated Absences due within one year has been determined to be immaterial to the basic financial statements.

At June 30, 2012, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt	
Fiscal Year Ended June 30:	Principal	Interest
2013	$ 1,470,000.00	$ 385,248.75
2014	1,535,000.00	335,383.50
2015	1,600,000.00	283,355.50
2016	1,670,000.00	228,998.75
2017	335,000.00	172,267.00
2018 - 2022	1,900,000.00	650,867.75
2023 - 2027	2,350,000.00	238,215.00
Total Principal and Interest	$ 10,860,000.00	$ 2,294,336.25

	Intergovernmental Agreement		
Fiscal Year Ended June 30:	Principal	Interest	Deferred Amount on Refunding
2013	$ 355,000.00	$ 362,716.75	$ -26,121.00
2014	370,000.00	347,455.50	-26,121.00
2015	385,000.00	331,562.75	-26,121.00
2016	405,000.00	314,933.25	-26,121.00
2017	420,000.00	297,567.00	-26,121.00
2018 - 2022	3,615,000.00	1,070,889.25	-130,605.00
2023 - 2027	2,925,000.00	318,381.15	-111,016.00
Total Principal and Interest	$ 8,475,000.00	$ 3,043,505.65	$ -372,226.00

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $2,101,350.00 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 $2,051,640.00

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 $49,710.00

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 13: 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, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 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, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 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, 2012:

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

June 2011	1.429%	of covered payroll for July coverage
July 2011	18.534%	of covered payroll for August coverage
August 2011 - March 2012	24.000%	of covered payroll for September - April coverage
April 2012 - June 2012	3.958%	of covered payroll for May - July coverage

For non-certificated school personnel:

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

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the 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:

Fiscal Year	Percentage Contributed	Required Contribution
2012	100%	$ 3,152,346.39
2011	100%	$ 2,970,960.04
2010	100%	$ 2,954,487.06

NOTE 13: 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 law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

Fiscal Year	Percentage Contributed	Required Contribution
2012	100%	$ 1,797,763.93
2011	100%	$ 1,762,220.80
2010	100%	$ 1,789,865.36

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.

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MERIWETHER COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 8,410,000.00	$ 8,470,000.00	$ 8,662,143.47	$ 192,143.47
Sales Taxes	80,000.00	80,000.00	71,100.39	-8,899.61
State Funds	15,507,250.00	16,138,813.00	15,338,866.48	-799,946.52
Federal Funds	7,501,519.00	8,379,772.00	6,420,556.38	-1,959,215.62
Charges for Services	111,000.00	111,000.00	197,348.31	86,348.31
Investment Earnings	5,000.00	5,000.00	3,852.62	-1,147.38
Miscellaneous	748,600.00	890,600.00	1,078,350.17	187,750.17
Total Revenues	$ 32,363,369.00	$ 34,075,185.00	$ 31,772,217.82	$ -2,302,967.18
EXPENDITURES				
Current				
Instruction	$ 19,491,956.00	$ 20,520,777.30	$ 19,762,804.20	$ 757,973.10
Support Services				
Pupil Services	1,127,362.00	1,326,906.00	1,102,751.89	224,154.11
Improvement of Instructional Services	1,998,588.00	1,701,499.70	1,403,322.87	298,176.83
Educational Media Services	415,000.00	375,000.00	372,109.99	2,890.01
General Administration	893,204.00	973,935.00	1,058,014.31	-84,079.31
School Administration	1,855,000.00	1,900,000.00	1,886,422.04	13,577.96
Business Administration	315,000.00	315,000.00	277,758.90	37,241.10
Maintenance and Operation of Plant	2,015,000.00	2,062,640.00	2,076,785.65	-14,145.65
Student Transportation Services	2,237,911.00	2,625,179.00	2,459,996.56	165,182.44
Central Support Services	45,000.00	45,500.00	44,653.00	847.00
Other Support Services	223,248.00	223,648.00	160,554.44	63,093.56
Enterprise Operations			261,982.21	-261,982.21
Food Services Operation	1,841,100.00	1,841,100.00	1,754,299.11	86,800.89
Debt Service				
Interest	5,000.00	42,000.00	35,994.52	6,005.48
Redemption of Principal			112,200.69	-112,200.69
Total Expenditures	$ 32,463,369.00	$ 33,953,185.00	$ 32,769,650.38	$ 1,183,534.62
Excess of Revenues over (under) Expenditures	$ -100,000.00	$ 122,000.00	$ -997,432.56	$ -1,119,432.56
OTHER FINANCING USES				
Sale of Equipment	$ 100,000.00		$ 26,500.00	$ 26,500.00
Transfers Out		$ -122,000.00	-228,596.10	-106,596.10
Total Other Financing Sources	100,000.00	-122,000.00	-202,096.10	-80,096.10
Net Change in Fund Balances	$ 0.00	$ 0.00	$ -1,199,528.66	$ -1,199,528.66
Fund Balances - Beginning	0.00	2,153,936.66	2,321,005.25	167,068.59
Fund Balances - Ending	$ 0.00	$ 2,153,936.66	$ 1,121,476.59	$ -1,032,460.07

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

(1) Original and Final Budget amounts do not include budgeted revenues ($425,624.02) or expenditures ($480,775.04) of the various principal accounts.

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

See notes to the basic financial statements.

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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	$ 1,537,951.08	(1)
Total Child Nutrition Cluster				$ 1,537,951.08	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	42,935.19	
Total U. S. Department of Agriculture				$ 1,580,886.27	
Education, U. S. Department of					
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
ARRA - School Improvement Grants	*	84.388	N/A	$ 956,420.89	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	$ 872,485.00	
Preschool Grants		84.173	N/A	61,954.00	
Total Special Education Cluster				$ 934,439.00	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
Title I - Grants to Local Educational Agencies		84.010	N/A	$ 1,377,714.19	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grant	*	84.395	N/A	$ 295,310.95	
Career and Technical Education - Basic Grants to States		84.048	N/A	34,721.85	
Education Jobs Fund		84.410	N/A	7,687.00	
Improving Teacher Quality State Grants		84.367	N/A	277,619.49	
Twenty-First Century Community Learning Centers	*	84.287	N/A	1,055,093.72	
Total Other Programs				$ 1,670,433.01	
Total U. S. Department of Education				$ 4,939,007.09	
Total Expenditures of Federal Awards				$ 6,519,893.36	

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 $70,851.28.
(2) Expenditures for the funds earned on the School Breakfast Program ($412,416.21) were not maintained separately and are included in the 2012 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 Meriwether 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.

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2012

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES: GENERAL FUND	GOVERNMENTAL FUND TYPES: CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 696,584.88		$ 696,584.88
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	762,832.00		762,832.00
Kindergarten Program - Early Intervention Program	200,254.00		200,254.00
Primary Grades (1-3) Program	1,383,692.00		1,383,692.00
Primary Grades - Early Intervention (1-3) Program	650,988.00		650,988.00
Upper Elementary Grades (4-5) Program	684,178.00		684,178.00
Upper Elementary Grades - Early Intervention (4-5) Program	558,966.00		558,966.00
Middle Grades (6-8) Program	2,744.00		2,744.00
Middle School (6-8) Program	1,537,593.00		1,537,593.00
High School General Education (9-12) Program	1,359,956.00		1,359,956.00
Vocational Laboratory (9-12) Program	355,317.00		355,317.00
Students with Disabilities	2,171,333.00		2,171,333.00
Gifted Student - Category VI	179,500.00		179,500.00
Remedial Education Program	119,585.00		119,585.00
Alternative Education Program	120,014.00		120,014.00
English Speakers of Other Languages (ESOL)	-1,321.00		-1,321.00
Media Center Program	268,494.00		268,494.00
20 Days Additional Instruction	81,050.00		81,050.00
Staff and Professional Development	62,357.00		62,357.00
Indirect Cost			
Central Administration	414,632.00		414,632.00
School Administration	750,297.00		750,297.00
Facility Maintenance and Operations	734,050.00		734,050.00
Categorical Grants			
Pupil Transportation			
Regular	798,144.00		798,144.00
Nursing Services	60,870.00		60,870.00
Mid-term Adjustment Hold-Harmless	127,548.00		127,548.00
Education Equalization Funding Grant	965,735.00		965,735.00
Food Services	55,818.00		55,818.00
Amended Formula Adjustment	-2,314,113.00		-2,314,113.00
Other State Programs			
Vocational Education	24,395.00		24,395.00
Equalization	5,775.00		5,775.00
Health Insurance	2,051,640.00		2,051,640.00
Preschool Handicapped Program	106,910.60		106,910.60
Pupil Transportation - State Bonds	152,439.00		152,439.00
Residential Treatment Centers Grant	16,058.00		16,058.00
Rule 10 Special Education State Grant	90,000.00		90,000.00
State Health Reimbursement	9,841.00		9,841.00
Virtual Schools Grant	1,000.00		1,000.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 1,208,844.00	1,208,844.00
Office of the State Treasurer			
Public School Employees Retirement	49,710.00		49,710.00
CONTRACT			
Human Resources, Georgia Department of			
Family Connection	44,000.00		44,000.00
	$ 15,338,866.48	$ 1,208,844.00	$ 16,547,710.48

See notes to the basic financial statements.

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2012

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
(iii) Paying a portion of the principal of and interest on the Series 2004 Bonds, the maximum amount of debt to be paid will not exceed $1,670,616.00 as set forth in the School District Resolution	$ 1,670,616.00	$ 1,670,616.00	$ 333,408.00	$ 1,077,232.00	$ 0.00	$ 0.00	10/1/2012
(iv) Paying a portion of the principal of and interest on the Series 2005 Bonds, the maximum amount of debt to be paid will not exceed $5,675,012.75 as set forth in the School District Resolution	5,675,012.75	5,675,012.75	1,343,230.50	4,248,806.00	0.00	0.00	8/1/2012
(v) Paying a portion of the principal of and interest on the Series 2006 Bonds, the maximum amount of debt to be paid will not exceed $2,840,098.75 as set forth in the School District Resolution	2,840,098.75	2,840,098.75	656,855.75	1,567,170.50	0.00	0.00	10/1/2012
	$ 10,185,727.50	$ 10,185,727.50	$ 2,333,494.25	$ 6,893,208.50	$ 0.00	$ 0.00	

(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 Meriwether 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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MERIWETHER COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2012

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 929,433.00	$ 1,178,357.72	$ 10,570.60	$ 1,188,928.32
Kindergarten Program-Early Intervention Program	227,865.00	135,600.16		135,600.16
Primary Grades (1-3) Program	1,738,854.00	2,331,071.16	16,016.88	2,347,088.04
Primary Grades-Early Intervention (1-3) Program	742,838.00	275,339.45		275,339.45
Upper Elementary Grades (4-5) Program	861,642.00	1,387,248.11	7,425.42	1,394,673.53
Upper Elementary Grades-Early Intervention (4-5) Program	615,461.00	119,200.80		119,200.80
Middle Grades (6-8) Program	2,775.00			
Middle School (6-8) Program	1,832,880.00	2,139,913.94	22,514.39	2,162,428.33
High School General Education (9-12) Program	1,635,098.00	2,838,974.61	107,148.83	2,946,123.44
Vocational Laboratory (9-12) Program	440,150.00	417,351.51	22,513.32	439,864.83
Students with Disabilities	2,681,554.00			
Category I		515,673.25		515,673.25
Category II		576,599.62		576,599.62
Category III		1,712,805.15		1,712,805.15
Category IV		312,085.42		312,085.42
Category V		143,360.59		143,360.59
Gifted Student - Category VI	229,155.00	206,223.60	245.54	206,469.14
Remedial Education Program	148,316.00			
Alternative Education Program	144,221.00	99,622.86	2,153.70	101,776.56
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 12,230,242.00	$ 14,389,427.95	$ 188,588.68	$ 14,578,016.63
Media Center Program	325,993.00	337,623.61	17,483.14	355,106.75
Staff and Professional Development	75,286.00			74,418.93
TOTAL QBE FORMULA FUNDS	$ 12,631,521.00	$ 14,727,051.56	$ 206,071.82	$ 15,007,542.31

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

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

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

April 12, 2013

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Meriwether 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meriwether County Board of Education as of and for the year ended June 30, 2012, which collectively comprise Meriwether County Board of Education's basic financial statements and have issued our report thereon dated April 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider items FS-6991-12-01, and FS-6991-12-02 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Meriwether County Board of Education in a separate letter dated April 12, 2013.

Meriwether County Board of Education's response to the findings identified in our audit is described in the accompanying Schedule of Management's Responses. We did not audit Meriwether County Board of Education's response and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2012YB-42

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

April 12, 2013

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

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

Ladies and Gentlemen:

Compliance

We have audited Meriwether 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, 2012. Meriwether 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Meriwether County Board of Education's management. Our responsibility is to express an opinion on Meriwether County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Meriwether 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. Our audit does not provide a legal determination on Meriwether County Board of Education's compliance with those requirements.

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

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2012SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS	
FS-6991-11-01	Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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 — Unqualified

Internal control over financial reporting:
- Material weakness identified? — Yes
- 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 — Unqualified

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.395	Race-to-the-Top Incentive Grants
84.287	Twenty-First Century Community Learning Centers
84.388	School Improvement Grants

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

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Material Weakness
Finding Control Number: FS-6991-12-01

Condition:
The School District did not have adequate internal controls in place over the financial statement reporting process.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:
Chapter 22A *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) *Internal Control - Integrated Framework* states that an essential attribute to reliable financial reporting is the timely performance of procedures.

Questioned Cost:
N/A

Information:
The Governmental Accounting Standards Board (GASB) Statement 34 reporting model requires the preparation of both fund and entity-wide level statements in the School District's financial statements. The School District has not implemented an adequate level of internal control to ensure that financial data is processed and reported. Auditor prepared the School District's fund level and entity-wide level financial statements, including note disclosures.

Cause:
The School District did not implement an adequate system of internal control over the financial statement reporting process.

Effect:
The School District does not have adequate internal controls in place to ensure that the financial statements are properly prepared in accordance with generally accepted accounting principles.

Recommendation:
The School District should implement an adequate level of internal control to ensure that all required financial data is processed timely and accurately included in the financial statements.

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Material Weakness
Finding Control Number: FS-6991-12-02

Condition:
Adequate policies and procedures are not in place to ensure that capital assets inventory records are properly maintained.

Criteria:
Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration indicates that School Districts must establish fixed asset policies, define system requirements, implement a fixed asset system and maintain fixed asset inventory records.

Questioned Cost:
N/A

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Information:

A review of the School District's capital assets records noted the following errors or omissions which management corrected based on proposed audit adjustments:

- The School District failed to summarize and record Construction in Progress (CIP) additions totaling $3,273,235 for the current year.
- Current year CIP deletions and current year additions to Building Improvements of $6,687,019 were not calculated and reported by the School District.
- The School District failed to capitalize $761,796 in additions to Building Improvements, Equipment, and Land Improvements.
- Depreciation expense for the current year additions totaling $153,522 was not calculated by the School District.
- Current year deletions of $328,246 and the associated accumulated depreciation were not maintained and removed by the School District.

Cause:

The School District failed to properly maintain capital assets records in accordance with the approved capital assets policy.

Effect:

The failure of the School District to maintain a complete and accurate capital assets listing can lead to inaccurate internal and external reporting, as well as noncompliance with generally accepted accounting principles.

Recommendation:

The School District should review its capital assets records and make appropriate adjustments to ensure that the capital assets are properly maintained and correctly reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S RESPONSES

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2012

Finding Control Number: FS-6991-12-01

We concur with this finding. We will be establishing a check list of recurring entries and year-end procedures and entries to use as a guide to avoiding any future misstatement of the school system financial statements. These changes either have been implemented or will be implemented by June 2013.

Finding Control Number: FS-6991-12-02

We concur with this finding. The error was the result of inadequate tracking related to the two construction projects and we have implemented procedures to prohibit the error from reoccurring. The new fixed asset module within Munis will assist in capturing new assets and will calculate the annual depreciation entry in addition to our procedures of validating asset disposals and acquisitions to insure compliance with our fixed asset policy.

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