

WEBSTER COUNTY BOARD OF EDUCATION
PRESTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015
(Including Independent Auditor's Reports)

WEBSTER COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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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

July 12, 2016

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Webster County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

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are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Webster County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the Webster County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through ix and pages 26 through 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webster County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 5 through 8, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2016, on our consideration of the Webster 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:cb
2015ARL-11

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WEBSTER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Webster 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, 2015. Comparative data is provided for fiscal year 2015 and fiscal year 2014. However, the comparative data for fiscal year 2014 does not reflect the effects of the restatement of July 1, 2014 Net Position. This restatement is related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date,* which were adopted by the School District in fiscal year 2015. The provisions of these statements establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of these statements resulted in a restatement to beginning Net Position of $4.3 million. This restatement is based on actuarial estimates and information is not available for fiscal year 2014 comparative balances. See Note 2 in the Notes to the Basic Financial Statement for more information about the restatement of July 1, 2014 Net Position.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total assets and deferred outflows of the System increased by $0.2 million, which was primarily due to the deferred outflows of resources. The deferred outflows of resources are related to the implementation of GASB Statement No. 68 and GASB Statement No. 71, which were adopted as described above by the School District for fiscal year 2015.

- Total liabilities and deferred inflows of resources increased for the year by $4.3 million. The combination of the increase in total assets and deferred outflows of resources of $0.2 million and the increase in total liabilities and deferred inflows of resources $4.3 million yields a decrease in Net Position of $4.1 million. The decrease in Net Position is primarily in the category of unrestricted.

- At June 30, 2015, the System's general fund reported a balance of $ 1.1 million an increase of $0.2 million or 18.2% from the last fiscal year. Of this total, $1.0 million represents unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. The basic financial statements comprise three components: 1) System-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

System-wide Financial Statements

The System-wide financial statements are designed to provide readers with a broad overview of the System's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all the System's assets, deferred inflows/outflows and liabilities with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. It is important to note that this statement consolidates the System's current financial resources (short-term) with capital assets and long-term liabilities.

The Statement of Activities presents information showing how the System's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, etc.)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. The System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the System can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Most of the System's activities are reported in governmental funds focusing on how money flows in and out of those funds and the balances left at year-end available for spending in future periods. The governmental fund statements provide a detailed short-term view of the System's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds

The System is the trustee, or fiduciary, for assets that belong to others such as club and class funds and payroll withholding funds. The System is responsible for ensuring assets reported in these funds are used only for their intended purposes and by those to whom assets belong.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the system-wide and fund financial statements.

System-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. As of June 30, 2015, System assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.5 million.

The largest portion of the System's Net Position, $3.9 million, reflects its investments in capital assets (e.g. buildings, land, land improvements, equipment) less any related debt used to acquire those assets that remain outstanding. The System uses the capital assets to provide services to our students, faculty, and community; consequently, these assets are not available for future spending.

The following chart details the major categories of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and Net Position with a comparison to the prior fiscal year.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Assets		
Current and Other Assets	$ 2,260,414.79	$ 2,216,855.43
Capital Assets, Net	6,077,628.13	6,258,217.59
Total Assets	8,338,042.92	8,475,073.02
Deferred Outflows of Resources	445,501.91	127,487.23
Liabilities		
Current and Other Liabilities	533,300.68	511,041.54
Long-Term Liabilities	5,501,035.00	2,530,000.00
Total Liabilities	6,034,335.68	3,041,041.54
Deferred Inflows of Resources	1,278,358.00	0.00
Net Position		
Net Investment in Capital Assets	3,869,179.44	3,855,704.82
Restricted	615,527.67	733,106.11
Unrestricted	-3,013,855.96	972,707.78
Total Net Position	$ 1,470,851.15	$ 5,561,518.71

(1) The Fiscal Year 2014 balances do not reflect the effect of the restatement of July 1, 2014 net position. See Note 2 in the Notes to the Basic Financial Statements for more information.

Unrestricted Net Position may be used to meet ongoing obligations and operations of the System.

An additional portion of the System's total net position represents resources that are subject to external restrictions on how they may be used. Comprising the majority of restricted net position is net position being accumulated to fund capital projects, which represented 61.8% of total restricted net position. Second, net position for debt service payments on general obligation bonds represented 37.7% of total restricted net position. The remaining 0.5% represents funds restricted for ongoing federal programs.

Unrestricted net position may be used to meet ongoing obligations and operations of the System.

Changes in Net Position from Operating Results

Net Position increased $0.2 million from operating results in the fiscal year ended June 30, 2015 compared to a similar increase of $0.2 million in the prior fiscal year. Key elements of this increase are as follows on the next chart:

Table 2
Change in Net Position

	Governental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 99,830.87	$ 86,652.77
Operating Grants and Contributions	3,134,158.37	2,841,795.45
Total Program Revenues	3,233,989.24	2,928,448.22
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	1,300,680.19	1,652,258.90
For Debt Services	33,203.33	46,313.69
Railroad Cars	3,136.10	2,884.49
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		80,894.82
For Debt Services	181,360.87	103,000.00
Intangible Recording Tax	17,010.57	11,446.64
Grants and Contributions not		
Restricted to Specific Programs	28,834.00	74,757.00
Investment Earnings	536.04	348.06
Miscellaneous	44,162.31	62,600.60
Total General Revenues	1,608,923.41	2,034,504.20
Total Revenues	4,842,912.65	4,962,952.42
Program Expenses:		
Instruction	2,750,994.67	2,815,759.36
Support Services		
Pupil Services	84,658.06	92,851.15
Improvement of Instructional Services	162,041.31	141,976.52
Educational Media Services	97,164.83	96,132.90
General Administration	309,032.12	337,102.25
School Administration	306,470.66	307,977.67
Business Administration	77,778.86	81,741.31
Maintenance and Operation of Plant	304,104.89	304,343.28
Student Transportation Services	179,498.18	227,205.97
Other Support Services	13,497.00	13,497.00
Operations of Non-Instructional Services		
Food Services	275,063.63	244,162.08
Interest on Short-Term and Long-Term Debt	93,430.00	101,917.78
Total Expenses	4,653,734.21	4,764,667.27
Increase in Net Position	$ 189,178.44	$ 198,285.15

(1) The Fiscal Year 2014 balances do not reflect the effect of the restatement of July 1, 2014 net position. See Note 2 in the Notes to the Basic Financial Statements for more information.

Financial Analysis of the System's Funds

General Fund Budgetary Highlights

The System's budget is prepared in accordance with Georgia law and is based on accounting for certain transactions on the modified accrual basis of accounting. The System uses site-based budgeting and the budgeting system is designed to tightly control site budgets but provide flexibility for site management.

The most significant budgeted fund is the general fund. As originally adopted, general fund revenues were projected to be $4.4 million with appropriated expenditures totaling $5.0 million down 5.1% from the fiscal year 2014 final amended budget. Of significance, initial state austerity reductions to funding formula earnings totaled $0.2 million. No federal stimulus funds under the American Recovery and Reinvestment Act of 2009 (ARRA) were available to mitigate the impact of state funding reductions.

As fiscal year 2015 progressed, the final amended general fund budget increased $0.3 million for revenues, an increase of 6.8% from the original budget for the year. The reason for the amendment was to adjust grants from estimates to actual awarded amounts.

The original budget for fiscal year 2015 included appropriated expenditures of $5.0 million, which was $0.3 million less than the 2015 final budget appropriated expenditures of $5.3 million. As with revenues, the final amended budget was increased from the original budget to adjust grants from estimates to actual awarded amounts.

General Fund Operations

The general fund finished fiscal year 2015 with a fund balance of $1.1 million, an increase of $0.2 million or 18.2%, from fiscal year 2014. Actual revenues were below budget projections by $29 thousand while actual expenditures were $0.7 million less than budgeted. Several important factors led to the actual results for the year.

First, state revenue was impacted by "austerity reductions" for the thirteenth consecutive year. Austerity reductions occur when the Georgia General Assembly fails to appropriate sufficient dollars in the state budget to fully fund the results of the State's Quality Basic Education (QBE) formula. By year-end, the System experienced a total austerity reduction of $0.2 million, or 10.5% of formula earnings.

Second, local revenue sources represented 32.1% of total general fund revenues for the year, down from 38.6% in the prior year. Local revenues ended the year below budgeted projections because property tax collections were less than projected ($0.2 million). The collections for local ad valorem property tax decreased by $0.3 million from fiscal year 2014 due to the timing of recognition of Forest Land Protection Act (FLPA) payments. Payments totaling $0.4 million were recognized in the prior fiscal year. No FLPA funding was recognized in fiscal year 2015. The remainder of local revenues consisted of other taxes, interest, e-rate reimbursements and miscellaneous items.

At year-end, total expenditures were under budget by $0.7 million. The significant changes occurred in the functions of Instruction, Maintenance and Operation of Plant and Student Transportation Services. Some instructional personnel were originally budgeted in general fund while awaiting approval of federal programs planned expenditures. In addition, funds were budgeted for possible maintenance repairs that were not deemed necessary in this fiscal year. Finally, the Student Transportation Services budget initially included two additional routes, which were later deemed unnecessary.

Expenditures for direct classroom instruction (e.g. teacher salaries and benefits, textbooks, software, classroom supplies, etc.) accounted for 59.3% of total general fund expenditures, down slightly from the prior fiscal year. Employee benefits saw significant increases in fiscal year 2015. The employer share for Teachers' Retirement contribution increased from 12.28% in 2014 to 13.15% in 2015. In addition, funds were expended for capital outlay including the purchase of technology and an oven for school food service.

The following chart details the major components of revenues and expenditures by function for fiscal year 2015 as well as a comparison of changes compared to the previous fiscal year.

Table 3
General Fund
Revenue and Expenditure Comparison

	Amount	Percentage Total	Increase (Decrease) Over Fiscal Year 2014
REVENUES			
State	$ 2,647,103.48	56.7%	$ 194,371.25
Federal	521,386.89	11.2%	57,566.67
Local	1,498,442.81	32.1%	-332,096.86
Total Revenues	4,666,933.18	100.0%	-80,158.94
EXPENDITURES			
Instruction	2,671,151.30	59.3%	41,157.57
Support Services			
Pupil Services	88,842.40	2.0%	-4,008.75
Improvement of Instructional Services	167,275.60	3.7%	25,299.08
Educational Media Services	101,395.49	2.3%	5,262.59
General Administration	320,283.17	7.1%	-15,352.77
School Administration	319,703.05	7.1%	11,725.38
Business Administration	83,146.26	1.8%	1,404.95
Maintenance and Operation of Plant	306,008.79	6.8%	1,665.51
Student Transportation Services	127,111.56	2.8%	-38,075.18
Other Support Services	13,497.00	0.3%	0.00
Operations of Non-Instructional Services			
Food Services	266,662.50	5.9%	37,929.83
Capital Outlay	38,851.86	0.9%	38,851.86
Total Expenditures	$ 4,503,928.98	100.0%	$ 105,860.07

Capital Projects Fund Operations

The capital projects fund is used to account for school construction and the purchase of large capital assets. Expenditures in 2015 were slightly more than capital outlay projects in the previous year. Improvements included the addition of a security system and improvements to athletic facilities and building grounds.

Debt Service Fund Operations

The debt service fund is used to accumulate resources for the retirement of long-term debt represented by the general obligation bonds outstanding. Debt service payments totaling $0.3 million in principal and interest charges on the 2005 Refunding Bond Series were made during the year. All debt service requirements were met at the end of fiscal year 2015.

Capital Assets and Debt Administration

Capital Assets

The System's investment in capital assets for its governmental activities as of June 30, 2015, totaled $6.1 million, net of accumulated depreciation. The investment in capital assets includes land, land improvements, buildings, vehicles, and equipment used in providing services to our students and community. The changes to the System's capital asset accounts came, primarily, from current year depreciation expense. Note 6 to the basic financial statements provides additional information on the System's capital assets including a detailed breakdown of the types of capital assets included in the computation of depreciation charges. As of June 30, 2015, 28.5% of the cost basis of depreciable assets had been taken as a depreciation charge since the various assets were placed in service.

A summary of capital assets follows:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
Land	$ 190,635.71	$ 190,635.71
Building and Improvements	5,427,236.45	5,552,825.60
Equipment	372,258.73	421,495.10
Land Improvements	87,497.24	93,261.18
Total	$ 6,077,628.13	$ 6,258,217.59

Debt Administration

At June 30, 2015, the System had $2.3 million in outstanding general obligation bond indebtedness with $0.2 million due within one year. Additional information on the System's long-term debt can be found in Note 10 to the basic financial statements.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
General Obligation Bonds	$ 2,320,000.00	$ 2,530,000.00

Current Issues

The Webster County School District is a low income, rural city school district. The majority of students are economically disadvantaged. The student population is 45% African-American, 46% Caucasian, 6% Hispanic and 3% Other. The School District is located in an area where agriculture is the primary industry. Despite limited financial resources, system and school personnel manage to maximize the funds in order to benefit all students. The System has planned extensively to use its supplemental resources to support class size reduction, recruitment, retention and professional development of highly qualified staff. The System, while small, offers students a variety of instructional programs and extra-curricular opportunities.

Webster County's population was approximately 2649 in 2014, which is a 5.4% decrease since 2010. There were approximately 48.7% males and 51.3% females making up the population with those being composed of 54.0% Caucasian, 42.3% African-American, 3.5% Hispanic and 0.2% Other. The estimated median household income in 2013 was $35,718 and the per capita income was $19,082. Georgia's median income in 2013 was $49,179.00. The percentage of residents living in poverty is 23%. The median house or condo value was $48,800.00 and the state's median was $151,300.00. The median gross rent was $584.00. The median real estate property taxes paid for housing units with mortgages was $948.00 and $296.00 was paid for housing units with no mortgage.

For residents 25 years and older (2011): 77.5% have completed high school or higher and 11.2% have a Bachelor's degree or higher. Webster County as compared to Georgia state average: (1) Median household income is below state average and (2) median house value is below state average.

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

The School District's current millage rate for the 2015 tax year is 17.467. The millage rate includes 16.959 mills for maintenance and operations and 0.508 mills for debt service.

Outlook for the Future

The System enjoys a strong financial position in light of current economic conditions affecting local revenues as well as the effect of state revenue pressures through austerity reductions to the QBE funding formula and new programmatic requirements. While state revenues improved during fiscal year 2014 and the first part of fiscal year 2015, expectations are that austerity reductions will continue in fiscal year 2016 and beyond at some undetermined level. However, the State's reduction of austerity in 2015 is a positive sign of revenue collections at the state level. Until all funds are restored, the continued relaxation of class size requirements and other waivers by the Georgia Department of Education are providing the flexibility the System needs to offset the shortfall of state funding and the decrease in SPLOST reductions in collections due to the GATE Card and Title Ad Valorem Tax collections.

At this time, the objective is to maintain a strong financial condition to better address any further cutbacks in State funding that could have an adverse effect on operations and financial reserves. The system continues to fluctuate in growth but not at the rate experienced in past years. System "Full Time Equivalent" (FTE) count for the upcoming fiscal year (2016) is 398. In 2015, the count was 406 as compared to 396 in 2014. Therefore, we strive for student enrollment to slightly increase in the foreseeable future with positive programs being added to meet the area workforce and needs of the student and community.

The Webster County School District recognizes its responsibility to the taxpayers in overseeing the spending of Federal, state and local funds. The School District is striving to maintain sound fiscal management while emphasizing student achievement. The Webster County School District is committed to creating, building and sustaining a culturally and economically sensitive environment that provides equal access to a high standard of educational success for all students.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Janie Downer, Superintendent, or
Marie Wills, Finance Director
Webster County Board of Education
7307 Washington Street
Preston, Georgia

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WEBSTER COUNTY BOARD OF EDUCATION

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WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 1,844,846.34
Accounts Receivable, Net	
Taxes	113,758.73
State Government	246,165.00
Federal Government	52,677.79
Inventories	2,966.93
Capital Assets, Non-Depreciable	190,635.71
Capital Assets, Depreciable (Net of Accumulated Depreciation)	5,886,992.42
Total Assets	8,338,042.92
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Refunding of Debt	111,551.31
Related to Defined Benefit Pension Plan	333,950.60
Total Deferred Outflows of Resources	445,501.91
LIABILITIES	
Accounts Payable	73,426.33
Salaries and Benefits Payable	421,207.68
Interest Payable	38,666.67
Long-Term Liabilities	
Due Within One Year	220,000.00
Due in More Than One Year	2,100,000.00
Net Pension Liability	3,181,035.00
Total Liabilities	6,034,335.68
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	1,278,358.00
NET POSITION	
Net Investment in Capital Assets	3,869,179.44
Restricted for	
Continuation of Federal Programs	2,966.93
Debt Service	231,973.89
Capital Projects	380,586.85
Unrestricted (Deficit)	-3,013,855.96
Total Net Position	$ 1,470,851.15

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

WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 2,750,994.67	$ 94,811.52	$ 1,943,387.90	$ -712,795.25
Support Services				
Pupil Services	84,658.06		48,463.00	-36,195.06
Improvement of Instructional Services	162,041.31		68,573.86	-93,467.45
Educational Media Services	97,164.83		53,709.00	-43,455.83
General Administration	309,032.12		323,997.00	14,964.88
School Administration	306,470.66		224,994.00	-81,476.66
Business Administration	77,778.86		603.54	-77,175.32
Maintenance and Operation of Plant	304,104.89		121,888.65	-182,216.24
Student Transportation Services	179,498.18		87,546.36	-91,951.82
Other Support Services	13,497.00			-13,497.00
Operations of Non-Instructional Services				
Food Services	275,063.63	5,019.35	260,995.06	-9,049.22
Interest on Short-Term and Long-Term Debt	93,430.00			-93,430.00
Total Governmental Activities	$ 4,653,734.21	$ 99,830.87	$ 3,134,158.37	-1,419,744.97
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				1,300,680.19
For Debt Services				33,203.33
Railroad Cars				3,136.10
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Debt Services				181,360.87
Other Sales Tax				17,010.57
Grants and Contributions not Restricted				
to Specific Programs				28,834.00
Investment Earnings				536.04
Miscellaneous				44,162.31
Total General Revenues				1,608,923.41
Change in Net Position				189,178.44
Net Position - Beginning of Year, Restated				1,281,672.71
Net Position - End of Year				$ 1,470,851.15

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

WEBSTER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,213,142.75	$ 489,837.09	$ 141,866.50	$ 1,844,846.34
Accounts Receivable, Net				
Taxes	94,234.91	13,928.65	5,595.17	113,758.73
State Government	246,165.00			246,165.00
Federal Government	52,677.79			52,677.79
Inventories	2,966.93			2,966.93
Total Assets	$ 1,609,187.38	$ 503,765.74	$ 147,461.67	$ 2,260,414.79
LIABILITIES				
Accounts Payable	$ 73,426.33			$ 73,426.33
Salaries and Benefits Payable	421,207.68			421,207.68
Total Liabilities	494,634.01			494,634.01
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	54,069.06		$ 4,240.56	58,309.62
FUND BALANCES				
Nonspendable	2,966.93			2,966.93
Restricted		$ 503,765.74	143,221.11	646,986.85
Assigned	41,127.50			41,127.50
Unassigned	1,016,389.88			1,016,389.88
Total Fund Balances	1,060,484.31	503,765.74	143,221.11	1,707,471.16
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,609,187.38	$ 503,765.74	$ 147,461.67	$ 2,260,414.79

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

WEBSTER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 1,707,471.16
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 190,635.71	
Land Improvements	111,757.16	
Buildings and Improvements	6,925,943.83	
Equipment	1,190,477.12	
Accumulated Depreciation	-2,341,185.69	
Total Capital Assets		6,077,628.13
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		-3,181,035.00
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-944,407.40
Some costs associated with Losses on Early Retirement of debt are amortized over the life of the Bonds in the District-wide Statements.		
Deferred Outflows of Resources - Loss on Refunding of Debt		111,551.31
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		58,309.62
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. These consist of:		
Bonds Payable	$ -2,320,000.00	
Accrued Interest Payable	-38,666.67	
Total Long-Term Liabilities		-2,358,666.67
Net Position of Governmental Activities (Exhibit "A")		$ 1,470,851.15

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

WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 1,337,449.88		$ 41,244.15	$ 1,378,694.03
Sales Taxes	16,515.88		181,855.56	198,371.44
State Funds	2,647,103.48			2,647,103.48
Federal Funds	521,386.89			521,386.89
Charges for Services	99,830.87			99,830.87
Investment Earnings	483.87	$ 45.94	6.23	536.04
Miscellaneous	44,162.31			44,162.31
Total Revenues	4,666,933.18	45.94	223,105.94	4,890,085.06
EXPENDITURES				
Current				
Instruction	2,671,151.30			2,671,151.30
Support Services				
Pupil Services	88,842.40	5,017.95		93,860.35
Improvement of Instructional Services	167,275.60			167,275.60
Educational Media Services	101,395.49			101,395.49
General Administration	320,283.17			320,283.17
School Administration	319,703.05			319,703.05
Business Administration	83,146.26			83,146.26
Maintenance and Operation of Plant	306,008.79	6,425.00		312,433.79
Student Transportation Services	127,111.56			127,111.56
Other Support Services	13,497.00			13,497.00
Food Services Operation	266,662.50			266,662.50
Capital Outlay	38,851.86	8,308.50		47,160.36
Debt Services				
Principal			210,000.00	210,000.00
Interest			96,930.00	96,930.00
Total Expenditures	4,503,928.98	19,751.45	306,930.00	4,830,610.43
Excess of Revenues over (under) Expenditures	163,004.20	-19,705.51	-83,824.06	59,474.63
OTHER FINANCING SOURCES (USES)				
Transfers In			74,639.13	74,639.13
Transfers Out		-74,639.13		-74,639.13
Total Other Financing Sources (Uses)		-74,639.13	74,639.13	0.00
Net Change in Fund Balances	163,004.20	-94,344.64	-9,184.93	59,474.63
Fund Balances - Beginning	897,480.11	598,110.38	152,406.04	1,647,996.53
Fund Balances - Ending	$ 1,060,484.31	$ 503,765.74	$ 143,221.11	$ 1,707,471.16

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

WEBSTER 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, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ 59,474.63
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	$ 47,160.36	
Depreciation Expense	-227,749.82	
Excess of Capital Outlay over Depreciation Expense		-180,589.46
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-41,674.41
Deferred losses on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred outflows on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Deferred Loss on Refunding of Bonds		-15,935.92
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements		210,000.00
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. The net effect of these adjustments are:		
Accrued Interest	$ 3,500.00	
Pension Expense	154,403.60	
Total Additional Expenditures		157,903.60
Change in Net Position of Governmental Activities (Exhibit "B")		$ 189,178.44

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

WEBSTER COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 16,726.04
LIABILITIES	
Funds Held for Others	$ 16,726.04

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Webster 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 Webster County Board of Education.

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

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

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

Fund Financial Statements:
The fund financial statements provide information about the School District's funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds.

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and Bond Proceeds 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 or individuals.

BASIS OF ACCOUNTING

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

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

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

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, Net Position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of $4,279,846.00. This change is in accordance with generally accepted accounting principles.

Net Position, July 1, 2014, as previously reported	$ 5,561,518.71
Prior Period adjustment - Implementation of GASB 68:	
Net Pension Liability (measurement date)	
TRS	-4,595,289.00
Deferred Outflows - School District's contribution made during fiscal year 2014	
TRS	315,443.00
Net Position, July 1, 2014, as restated	$ 1,281,672.71

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.* The provisions of this statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The adoption of this statement has a significant impact on the School District's financial statements. As noted above, the School District restated beginning Net Position for the cumulative effect of this accounting change.

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations.* This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The School District did not have any activities of this type during the fiscal year and the adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of statement. This statement amends paragraph 137 of Statement No. 68 which limited recognition of pension-related deferred inflows of resources at the transition to circumstances in which it is practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions. The adoption of this statement has a significant impact on the School District's financial statements. As noted above, the School District restated beginning Net Position for the cumulative effect of this accounting change.

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.

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 Webster County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on September 9, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 20, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Webster County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to $1,269,936.33 and for school bonds amounted to $41,244.15.

Tax millage rates levied for the 2014 tax year (calendar year) for the Webster County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	16.959 mills
School Bonds	0.508 mills
	17.467 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $64,377.45 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $181,360.87 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.

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	$	10,000.00	up to 60 years
Buildings and Improvements	$	5,000.00	up to 60 years
Equipment	$	5,000.00	5 to 20 years
Intangible Assets	$	200,000.00	useful life

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans. Additionally, the School District has reported the deferred charge on refunded debt resulting from the difference in the carrying value of the refunded debt and its reacquisition price is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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 are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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 Position.

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/PSERS's. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 14 - Retirement Plans.

NET POSITION

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

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

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

Unrestricted Net Position - Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of $3,181,035.00 which is required for financial reporting.

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

Fund Balances of the Governmental Funds at June 30, 2015, are as follows:

Nonspendable		
Inventories		$ 2,966.93
Restricted		
Capital Projects	$ 380,586.85	
Debt Service	266,400.00	646,986.85
Assigned		
School Activity Accounts		41,127.50
Unassigned		1,016,389.88
Fund Balance, June 30, 2015		$ 1,707,471.16

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with 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 4 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not

been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
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, 2015, the School District had deposits with a carrying amount of $1,861,572.38 and a bank balance of $1,969,600.38. The bank balances insured by Federal depository insurance were $261,851.55, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $1,707,748.83.

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, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 190,635.71	$ 0.00	$ 0.00	$ 190,635.71
Capital Assets, Being Depreciated				
Buildings and Improvements	6,925,943.83		0.00	6,925,943.83
Equipment	1,143,316.76	47,160.36		1,190,477.12
Land Improvements	111,757.16			111,757.16
Less: Accumulated Depreciation:				
Buildings and Improvements	1,373,118.23	125,589.15		1,498,707.38
Equipment	721,821.66	96,396.73		818,218.39
Land Improvements	18,495.98	5,763.94		24,259.92
Total Capital Assets, Being Depreciated, Net	6,067,581.88	-180,589.46	0.00	5,886,992.42
Governmental Activity Capital Assets - Net	$ 6,258,217.59	$ -180,589.46	$ 0.00	$ 6,077,628.13

Current year depreciation expense by function is as follows:

Instruction		$ 163,706.96
Support Services		
General Administration	$ 1,274.19	
Student Transportation Services	51,095.57	52,369.76
Food Services		11,673.10
		$ 227,749.82

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 74,639.13

Transfers are used to move funds from the District-wide Capital Projects Fund to the Debt Service Fund to cover debt payments associated with the SPLOST referendum.

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; and acts of God.

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 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. In addition to the $550,000 per occurrence retention, the Fund also retains an additional $200,000 per year corridor retention.

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

Position Covered	Amount
Superintendent	$ 100,000.00

NOTE 9: OPERATING LEASES

Webster County Board of Education has entered into a lease as lessee for copiers. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year ended June 30, 2015, for governmental funds amounted to $21,576.24. Future minimum lease payments for this lease is as follows:

Year Ending	Governmental Funds
2016	$ 21,576.24
2017	7,192.08
Total	$ 28,768.32

NOTE 10: LONG-TERM LIABILITIES

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General Government - Refunding - Series 2005	4.00%	$ 2,320,000.00

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2015, were as follows:

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
G.O. Bonds	$ 2,530,000.00	$ 0.00	$ 210,000.00	$ 2,320,000.00	$ 220,000.00

At June 30, 2015, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30:	General Obligation Debt	
	Principal	Interest
2016	$ 220,000.00	$ 88,400.00
2017	245,000.00	79,100.00
2018	260,000.00	69,000.00
2019	275,000.00	58,300.00
2020	295,000.00	46,900.00
2021 - 2023	1,025,000.00	63,300.00
Total Principal and Interest	$ 2,320,000.00	$ 405,000.00

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $8,099.00 for retirement contributions paid on the School District's behalf by the following State Agency.

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 $8,099.00

Funds paid on behalf of the School District are reported in governmental funds. See Note 14 - Retirement Plans for the State support related to the Net Pension Liability.

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.

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, 2015:

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

July 1, 2014 – June 30, 2015	$945.00 per member per month

For non-certificated school personnel:

July 1, 2014 – June 30, 2015	$596.20 per member per month

No additional contribution was required by the Board for fiscal year 2015 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
2015	100%	$	492,604.20
2014	100%	$	507,947.20
2013	100%	$	493,271.80

NOTE 14: RETIREMENT PLANS

Webster County Board of Education participates in various retirement plans administered by the State of Georgia, as further explained below.

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2015. The school district's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual school district payroll.

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

Fiscal Year	Percentage Contributed		Required Contribution
2015	100%	$	333,950.60
2014	100%	$	315,442.78
2013	100%	$	302,624.16

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

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

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

At June 30, 2015, the School District reported a liability of $3,181,035.00 for its proportionate share of the Net Pension Liability for TRS.

The Net Pension Liability was measured as of June 30, 2014. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The School District's proportion of the Net Pension Liability was based on contribution to TRS during the fiscal year ended June 30, 2014.

At June 30, 2014, the School District's TRS proportion was 0.025179%, which was a decrease of 0.001193% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is $29,953.00.

The PSERS Net Pension Liability was measure as of June 30, 2014. The total pension liability used to calculate the Net Pension Liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The State's proportion of the Net Pension Liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30 , 2014.

For the year ended June 30, 2015, the School District recognized pension expense of $179,547.00 for TRS and $2,601.00 for PSERS and revenue $2,601.00 for PSERS was recognized. The revenue is support provided by the State of Georgia.

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ 1,108,976.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		169,382.00
School District contributions subsequent to the measurement date	$ 333,950.60	
Total	$ 333,950.60	$ 1,278,358.00

Webster County Board of Education contributions subsequent to the measurement date of June 30 , 2014 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2016	$ -315,740.00
2017	$ -315,740.00
2018	$ -315,740.00
2019	$ -315,740.00
2020	$ -15,398.00

***Actuarial assumptions*:** The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System:

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

Public School Employees Retirement System

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70%	6.50%
Domestic mid stocks	3.70%	10.00%
Domestic small stocks	1.60%	13.00%
International developed market stocks	18.90%	6.50%
International emerging market stocks	6.10%	11.00%
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate: The discount rate used to measure the total TRS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Webster County Board of Education's proportionate share of the Net Pension Liability to changes in the discount rate: The following presents the School District's proportionate share of the Net Pension Liability calculated using the discount rate of 7.50%, as well as what the School District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers' Retirement System:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 5,862,220.00	$ 3,181,035.00	$ 973,134.00

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publically available at www.trsga.com/publications and www.ers.ga.gov/formspubs/formspubs.

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WEBSTER COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "1"

	2015
School District's proportion of the net pension liability	0.025179%
School District's proportionate share of the net pension liability	$ 3,181,035.00
School District's covered-employee payroll	$ 2,568,752.17
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.84%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Schedule includes all significant plans and funds administered by Webster County Board of Education.

WEBSTER COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

	2015	2014	2013
Contractually required contribution	$ 333,950.60	$ 315,442.78	$ 302,624.16
Contributions in relation to the contractually required contribution	$ 333,950.60	$ 315,442.78	$ 302,624.16
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 2,539,548.49	$ 2,568,752.17	$ 2,652,271.38
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

This schedule is intended to show information for 10 years. Due to the retention policy of the Webster County Board of Education, the School District is only able to display six years of information. Additional years will be displayed as they become available.

SCHEDULE "2"

	2012	2011	2010
	$ 278,528.48	$ 282,294.09	$ 264,636.12
	$ 278,528.48	$ 282,294.09	$ 264,636.12
	$ 0.00	$ 0.00	$ 0.00
	$ 2,709,422.79	$ 2,746,051.46	$ 2,717,003.29
	10.28%	10.28%	9.74%

Teachers' Retirement System

Changes of assumptions **:** In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions **:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

WEBSTER COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

SCHEDULE "4"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 1,496,873.00	$ 1,496,873.00	$ 1,337,449.88	$ -159,423.12
Sales Taxes			16,515.88	16,515.88
State Funds	2,531,524.56	2,560,244.56	2,647,103.48	86,858.92
Federal Funds	241,791.00	511,303.00	521,386.89	10,083.89
Charges for Services	80,000.00	80,000.00	99,830.87	19,830.87
Investment Earnings	293.00	293.00	483.87	190.87
Miscellaneous	47,632.00	47,632.00	44,162.31	-3,469.69
Total Revenues	4,398,113.56	4,696,345.56	4,666,933.18	-29,412.38
EXPENDITURES				
Current				
Instruction	3,013,028.56	3,248,736.56	2,671,151.30	577,585.26
Support Services				
Pupil Services	95,847.00	99,310.00	88,842.40	10,467.60
Improvement of Instructional Services	109,952.00	171,643.00	167,275.60	4,367.40
Educational Media Services	102,674.00	102,674.00	101,395.49	1,278.51
General Administration	344,751.00	344,751.00	320,283.17	24,467.83
School Administration	335,583.00	335,583.00	319,703.05	15,879.95
Business Administration	81,547.00	81,547.00	83,146.26	-1,599.26
Maintenance and Operation of Plant	358,688.00	358,688.00	306,008.79	52,679.21
Student Transportation Services	207,626.00	207,626.00	127,111.56	80,514.44
Other Support Services	14,000.00	14,000.00	13,497.00	503.00
Food Services Operation	256,316.00	256,316.00	266,662.50	-10,346.50
Capital Outlay	30,000.00	30,000.00	38,851.86	-8,851.86
Total Expenditures	4,950,012.56	5,250,874.56	4,503,928.98	746,945.58
Net Change in Fund Balances	-551,899.00	-554,529.00	163,004.20	717,533.20
Fund Balances - Beginning	896,103.47	896,103.47	897,480.11	1,376.64
Adjustments		2,011.58		-2,011.58
Fund Balances - Ending	$ 344,204.47	$ 343,586.05	$ 1,060,484.31	$ 716,898.26

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

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.

WEBSTER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

SCHEDULE "5"

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	$ 243,430.45	(1)
Total Child Nutrition Cluster				243,430.45	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	21,941.62	
State Administrative Expenses for Child Nutrition		10.560	N/A	541.94	
Total Other Programs				22,483.56	
Total U. S. Department of Agriculture				265,914.01	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	72,362.22	
Preschool Grants		84.173	N/A	3,463.00	
Total Special Education Cluster				75,825.22	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	14,250.00	
Career and Technical Education - Basic Grants to States		84.048	N/A	6,783.00	
Improving Teacher Quality State Grants		84.367	N/A	35,394.44	
Rural Education		84.358	N/A	7,973.00	
Title I Grants to Local Educational Agencies	*	84.010	N/A	127,618.91	
Total Other Programs				192,019.35	
Total U. S. Department of Education				267,844.57	
Total Expenditures of Federal Awards				$ 533,758.58	

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 $12,430.75

(2) Expenditures for the funds earned on the School Breakfast Program ($83,725.83) were not maintained seperately and are included in the 2015 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 Webster 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.

WEBSTER COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2015

SCHEDULE "6"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 77,398.19
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	150,362.00
Kindergarten Program - Early Intervention Program	25,958.00
Primary Grades (1-3) Program	303,268.00
Primary Grades - Early Intervention (1-3) Program	35,581.00
Upper Elementary Grades (4-5) Program	160,430.00
Upper Elementary Grades - Early Intervention (4-5) Program	23,938.00
Middle School (6-8) Program	335,792.00
High School General Education (9-12) Program	215,267.00
Vocational Laboratory (9-12) Program	88,781.00
Students with Disabilities	239,575.00
Gifted Student - Category VI	24,407.00
Alternative Education Program	20,873.00
Media Center Program	46,331.00
20 Days Additional Instruction	14,984.00
Staff and Professional Development	7,880.00
Indirect Cost	
Central Administration	279,603.00
School Administration	194,173.00
Facility Maintenance and Operations	104,425.00
Amended Formula Adjustment	-197,960.00
Categorical Grants	
Pupil Transportation	
Regular	82,844.00
Nursing Services	45,000.00
Sparsity	294,485.00
Education Equalization Funding Grant	28,834.00
Other State Programs	
Food Services	6,834.00
Teacher of the Year	507.00
Technology for Connections to Classrooms Bonds	16,196.00
Vocational Education	12,524.00
Office of the State Treasurer	
Public School Employees Retirement	8,099.00
CONTRACT	
Governor's Office of Student Achievement	
Connections to Classrooms State Grant	714.29
	$ 2,647,103.48

See notes to the basic financial statements.

WEBSTER COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2015

SCHEDULE "7"

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
2011 SPLOST REFERENDUM							
(i) Acquiring, constructing, equipping and furnishing new school buiildings and facilities useful and desirable in connection therewith, including, but not limited to, a new high school and athletic/physical education facilities.	$ 100,000.00	$ 100,000.00	$ 3,211.00	$ 25,322.52			June 2017
(ii) Adding to, renovating, repairing, improving, demolishing, furnishing, and equipping existing school buildings and other buildings and facilities useful and desirable in connection therewith, including but not limited to the elementary, middle and high schools.	140,000.00	140,000.00	16,540.45	79,407.82			June 2017
(iii) Paying a portion of the debt service on the outstanding Series 2005 General Obligation Bonds previously issued by Webster County School District, the maximum amount of the debt service to be paid with sales tax proceeds to be $500,000.00.	500,000.00	500,000.00	306,930.00	582,384.44			June 2017
(iv) Acquiring new technology and software and wiring upgrades.	100,000.00	100,000.00	0.00	21,027.51			June 2017
(v) Acquiring real property.	50,000.00	50,000.00	0.00	0.00			June 2017
(vi) Acquiring new school equipment including, but not limited to, new buses, maintenance vehicles and other school equipment.	50,000.00	50,000.00	0.00	9,094.15			June 2017
(vii) Purchasing textbooks and band instruments.	10,000.00	10,000.00	0.00	0.00			June 2017
(viii) Acquiring any necessary or desirable property, both real and personal.	50,000.00	50,000.00	0.00	0.00			June 2017
	$ 1,000,000.00	$ 1,000,000.00	$ 326,681.45	$ 717,236.44			

(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 Webster 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.

WEBSTER COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2015

SCHEDULE "8"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 168,151.00	$ 165,735.96	$ 4,573.70	$ 170,309.66
Kindergarten Program-Early Intervention Program	29,111.00			
Primary Grades (1-3) Program	355,644.00	421,324.72	10,840.44	432,165.16
Primary Grades-Early Intervention (1-3) Program	47,413.00	84,395.92		84,395.92
Upper Elementary Grades (4-5) Program	181,238.00	367,062.58	7,981.36	375,043.94
Upper Elementary Grades-Early Intervention (4-5) Program	33,789.00			
Middle Grades (6-8) Program		2.28		2.28
Middle School (6-8) Program	389,596.00	365,094.71	10,681.57	375,776.28
High School General Education (9-12) Program	256,297.00	319,120.48	20,567.00	339,687.48
Vocational Laboratory (9-12) Program	103,821.00	129,331.54	7,402.52	136,734.06
Students with Disabilities Category III	265,880.00	173,981.05	77,062.45	251,043.50
Gifted Student - Category VI	29,564.00		812.88	812.88
Alternative Education Program	24,426.00	74,877.89		74,877.89
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	1,884,930.00	2,100,927.13	139,921.92	2,240,849.05
Media Center Program	53,855.00	90,033.73	11,361.76	101,395.49
Staff and Professional Development	8,461.00		3,776.92	3,776.92
TOTAL QBE FORMULA FUNDS	$ 1,947,246.00	$ 2,190,960.86	$ 155,060.60	$ 2,346,021.46

(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.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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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

July 12, 2016

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

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

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Webster County Board of Education's basic financial statements and have issued our report thereon dated July 12, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Webster County Board of Education in a separate letter dated July 12, 2016.

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:cb
2015YB-10

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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

July 12, 2016

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

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Webster 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, 2015. Webster County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the Webster County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:cb
2015SA-10

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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WEBSTER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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WEBSTER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.