

**WALTON COUNTY, GEORGIA
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2012**

**Prepared by:
Walton County School District Finance Department**

**WALTON COUNTY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

WALTON COUNTY BOARD OF EDUCATION

200 Double Springs Church Road, Monroe, GA 30656, Telephone 770-266-4520, Fax 770-266-4415
www.walton.k12.ga.us

Gary Hobbs
Superintendent

Rusty Linder
Assistant Superintendent

December 15, 2012

BOARD MEMBERS

Lynn Hill
Chairman

Jeremy Kilburn
Vice Chairman

David Breedlove
Gwen Cantrell
Tom Gibson
Coleman Landers
Christine Lusk

To the Members of the Walton County Board of Education and Citizens of Walton County Georgia:

We are pleased to submit to you the comprehensive annual financial report (CAFR) of the Walton County School District (District) for the fiscal year ended June 30, 2012. This report conforms to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Walton County School District Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration and is presented for your careful review.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. A comprehensive framework of internal control is in place to give reasonable assurance that the financial statements are free of any material misstatements.

Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in the Management's Discussion and Analysis beginning on page four of this report.



PROFILE OF THE SCHOOL DISTRICT

Walton County School District is one of two school districts located in Walton County, Georgia. The District serves the entire county area with the exception of the City of Social Circle, which has its own independent school district. It provides a program of public education from pre-kindergarten through grade twelve. The purpose and responsibility of the District is to provide a thorough and efficient educational system for the children enrolled in public schools within its boundaries whereby each child has access to programs and services that are appropriate to his or her educational needs.



Equal Opportunity Employer

The District is governed by a Board of Education consisting of seven members elected from seven county posts. Members serve four year terms and each year appoints a chairperson and vice-chairperson. The Board appoints a Superintendent to oversee the day-to-day administration of the School District.

On September of 2008, the Board of Education approved Mr. Gary Hobbs as the superintendent of the Walton County School District. Mr. Hobbs began his teaching career in 1972 at Warner Robins Junior High School in Warner Robins, GA. He coached football, basketball, and baseball and also taught health, physical education, and science at the school for 8 years.

Mr. Hobbs served in the Georgia Army National Guard from 1971 to 1999. He served on active duty with the Guard from January 1980 to August 1999. When he retired from the Guard, Mr. Hobbs was serving as the state personnel director at the rank of Colonel. He was promoted to the rank of Brigadier General upon his retirement.

Upon military retirement, Mr. Hobbs entered education in Walton County as Assistant Principal of Loganville Middle school where he served for four years. He was named Principal of Loganville High School in 2003 and served 4 years in that role before beginning work as Walton County Public Schools Associate Superintendent over facilities, student services, and school operations in November of 2007.

Mr. Hobbs has a bachelor of science in education from Georgia Southern College, masters in education from Georgia College, and education specialist in educational administration degree from University of Georgia.

Walton County School District continued to make great academic accomplishments in 2012:

- Met or exceeded CRCT prior year performance Reading performance in 10 of 12 (83%) areas;
- Met or exceeded CRCT English/Language Arts prior year performance in 11 of 12 (92%) areas;
- Met or exceeded CRCT Mathematics prior year performance in 8 or 12 (75%) areas;
- Maintained exemplary performance (90% or better meeting or exceeding standards) on the Reading and English/Language Arts CRCT in all grade levels for the second consecutive year;
- Exceeded the State and RESA performance on a majority of CRCTs across all grade levels;
- Reached the exemplary level of performance (90% meeting/exceeding) on the GPS Grade 5 Writing Assessment for the first time while, at the same time, exceeded the RESA and State's performance;
- Exceeded the State's performance on Grade 8 Writing Assessment with 86% meeting or exceeding standards;
- Maintained exemplary performance on the Georgia High School Writing Test (GHSWT) and exceeded both State and RESA performance at 96%;
- Improved 5 of 5 (100%) Math, Science, and Social Studies EOCT performance targets;

- Met or exceeded prior year performance on 6 of 7 EOCTs and outperformed the State on 6 of 7 tests;
- Improved 5 of 6 (83%) Promotion performance targets;
- Decreased the percent of students missing more than 10 days for the second consecutive year (down by 7 percentage points since 2010);
- Exceeded the State's 5-year cohort graduation rate by 8 percentage points.

The District has reviewed its operating entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 39, "The Financial Reporting Entity." This report includes all funds and account groups of the District. The District is not included in any other reporting entity, and no other entities are included within this report.

The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Walton County Board of Education. Activities of the General Fund, School Nutrition Funds, Grants Fund and Debt Service Fund are included in the annual appropriated budget. Capital Projects Funds are budgeted on a multi-year, project-length basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund.

ECONOMIC CONDITION AND OUTLOOK

The District is located in the north central quadrant of Georgia, approximately 45 miles east of Atlanta and 27 miles west of Athens. With a population forecasted to be 103,806 in calendar year 2015, student enrollment is expected to increase. The county seat is Monroe.

In fiscal year 2011, the District's gross property digest decreased by 3% (representing tax year 2010) and in fiscal year 2012 decreased by 10% (representing tax year 2011).

This was due to the national economic downturn which has resulted in decreased real estate values.

Additionally, the District has encountered financial challenges due to austerity cuts in state funding. The District experienced an austerity reduction of approximately \$8.6 million in fiscal year 2011 and approximately \$9.0 million in fiscal year 2012. The District expects state funding, as well as property tax revenue, to stabilize in the upcoming years.

LONG-TERM FINANCIAL PLANNING

In November, 2011, the citizens of Walton County voted to renew the current ELOST which will begin January 1, 2013 and end December 31, 2017. The District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with Educational Local

Option Sales Tax (ELOST) and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The District regularly monitors anticipated capital outlay needs and has moved into the newly constructed Harmony Elementary School in June of 2012. Future capital projects will be the replacement of Loganville Middle School and the Loganville Elementary School.

OTHER INFORMATION

Independent Audit: The financial statements have been audited by Mauldin & Jenkins, LLC, whose opinion is expressed on page 1. The District complies with the requirements of the Single Audit Act and associated reports and schedules are presented in the last section of this report.

Acknowledgments: We wish to express our appreciation to Robin Bryant, Coordinator of Budget and Finance, and to the entire staff of the Budget and Finance Division whose dedicated efforts have enabled this report to be prepared on a timely basis. The active involvement and professional support of Mauldin & Jenkins, LLC audit Supervisor, Matt Hill and his auditing staff has been instrumental in the prompt completion of the associated audit of this report.

In closing, sincere gratitude is expressed to the Board of Education for their leadership and dedication to Walton County School District, its taxpayers, employees, and most importantly, its students. To the citizens of the Walton County School District, please accept our gratitude for your support of our successful school district.

Respectfully submitted,



Mr. Gary Hobbs
Superintendent



Mr. Harry S. Lee
Director of Budget & Finance

**WALTON COUNTY SCHOOL DISTRICT
SUPERINTENDENT'S CABINET
JUNE 30, 2012**

Gary Hobbs	Superintendent
Nathan Franklin	Assistant Superintendent Facilities, Maintenance, and Operations
Harry Lee	Chief Financial Officer
Rust Linder	Assistant Superintendent Curriculum and Instruction
Wilma Widmer	Chief Human Resource Officer

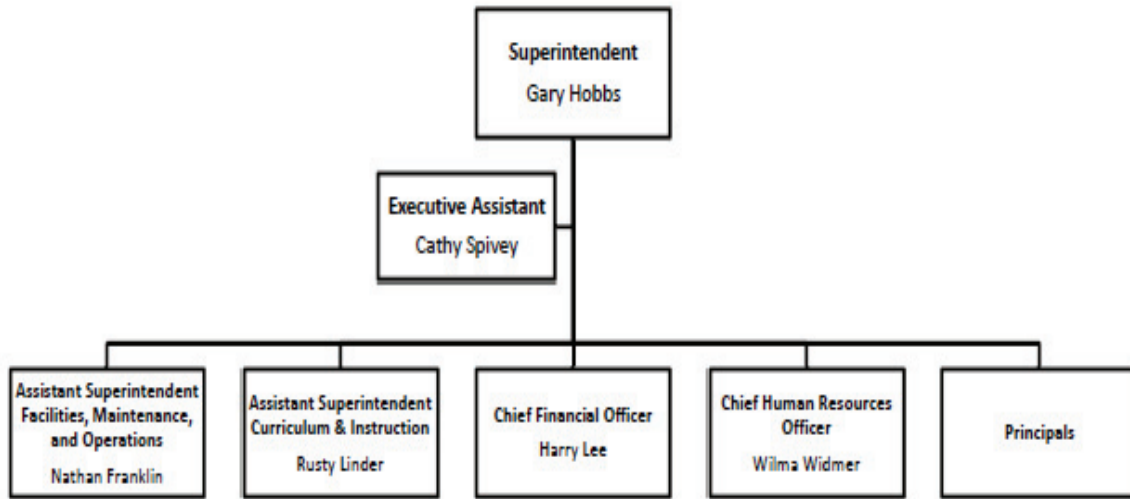
**WALTON COUNTY SCHOOL DISTRICT
FUNCTION AND COMPOSITION
JUNE 30, 2012**

All matters relating to education and operations in Walton County School District are governed and controlled by the Board of Education as provided by Georgia law. The Board has the responsibility to maintain a uniform system of public schools providing quality education for all young people of Walton County. With the advice of the Superintendent, the Board must determine the policies and prescribe the rules and regulations for the management and administration of the school system.

Generally, the board holds public meetings twice a month to conduct normal business with special sessions as needed. The Board is composed of seven members who are each elected for four years from one of seven geographical districts in the county. The Board elects a Chairman and Vice-Chairman from the seven members to govern the body for a one year period. As of March 15, 2012 the members of the Board and years of expiration of their terms are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Chair	Mr. Lynn Hill	December 31, 2014
Vice-Chair	Mr. Jeremy Kilburn	December 31, 2014
Board Member	Mrs. Christine Lusk	December 31, 2012
Board Member	Mr. Coleman Landers	December 31, 2012
Board Member	Mr. Tom Gibson	December 31, 2014
Board Member	Mrs. Gwen Cantrell	December 31, 2012
Board Member	Mr. David Breedlove	December 31, 2012

**Walton County Public Schools
2012-2013**



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Superintendent and Members of
the Walton County Board of Education
Monroe, Georgia**

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

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Walton County School District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund, Grants Fund, and School Nutrition Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 on our consideration of the Walton County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walton County School District's basic financial statements. The statement of changes in assets and liabilities – agency fund and the schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Walton County School District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities – agency fund, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walton County School District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2012 are as follows:

- On the district-wide financial statements, the assets of the School District exceeded liabilities by \$179.2 million. Of this amount, \$17.5 million is unrestricted and is available for spending at the School District's discretion.
- The School District had \$126.1 million in expenses relating to governmental activities; only \$71.8 million of these expenses are offset by program specific charges for services, grants, and contributions. General revenues (primarily property and sales taxes) of \$60.2 million were provided for these programs.
- As stated above, general revenues accounted for \$60.2 million or 46% of all revenues totaling \$132 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts; the introductory section, the financial section, the statistical section, and the compliance section. The basic financial statements, which are included in the financial section, include two levels of statements that present different views of the School District. These include the district-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The Fiduciary Funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Walton County School District, the General Fund, District-wide Capital Projects Fund, Debt Service Fund, Grants Fund, and School Nutrition Fund are the most significant funds.

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

District-Wide Statements

The District-Wide financial statements are basically a consolidation of the entire District's operating funds into one column called governmental activities. In reviewing the District-Wide financial statements, a reader might ask the question, are we in a better financial position than last year. The Statement of Net Assets and the Statement of Activities provides the basis for answering this question. These financial statements include all School District's assets and liabilities and use the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

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

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

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

Table 1
Net Assets

	Governmental Activities Fiscal Year 2012	Governmental Activities Fiscal Year 2011
Assets		
Current and Other Assets	\$ 59,905,755	\$ 58,062,991
Capital Assets, Net	<u>207,766,212</u>	<u>206,040,688</u>
Total Assets	<u>267,671,967</u>	<u>264,103,679</u>
Liabilities		
Current and Other Liabilities	23,055,434	20,986,577
Long-Term Liabilities	<u>65,394,073</u>	<u>69,837,967</u>
Total Liabilities	<u>88,449,507</u>	<u>90,824,544</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	138,371,472	134,368,097
Restricted	23,378,535	21,501,114
Unrestricted	<u>17,472,453</u>	<u>17,409,924</u>
Total Net Assets	<u>\$ 179,222,460</u>	<u>\$ 173,279,135</u>

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Table 2 shows the Changes in Net Assets for this fiscal year.

Table 2
Change in Net Assets

	Governmental Activities Fiscal Year 2012	Governmental Activities Fiscal Year 2011
Revenues		
Program Revenues:		
Charges for Services	\$ 1,429,016	\$ 1,382,152
Operating Grants and Contributions	66,068,011	70,420,929
Capital Grants and Contributions	<u>4,340,926</u>	<u>1,479,152</u>
Total Program Revenues	<u>71,837,953</u>	<u>73,282,233</u>
General Revenues:		
Taxes		
Property Taxes		
For General Purposes	40,821,287	43,641,146
For Debt Service	4,508,458	5,126,643
Special Purpose Local Option Sales Tax	8,445,336	7,804,757
Other Tax	873,929	703,685
Investment Earnings	79,787	127,977
Other	<u>5,446,474</u>	<u>2,324,633</u>
Total General Revenues	<u>60,175,271</u>	<u>59,728,841</u>
Total Revenues	<u>132,013,224</u>	<u>133,011,074</u>
Program Expenses		
Instruction	81,817,743	80,927,002
Support Services:		
Pupil Services	3,053,460	3,064,873
Improvement of Instructional Services	2,902,157	3,053,936
Educational Media Services	1,555,585	1,552,372
General Administration	2,027,622	1,881,642
School Administration	6,848,948	6,884,483
Business Administration	605,601	653,060
Maintenance and Operation of Plant	8,260,897	8,255,494
Student Transportation Services	6,661,113	6,414,477
Central Support Services	788,711	789,871
Other Support Services	1,205,652	1,121,829
Operations of Non-Instructional Services:		
Miscellaneous Non-instructional	1,717,213	545,359
Food Services	5,730,643	5,092,992
Interest on Long-Term Debt	<u>2,894,554</u>	<u>3,383,978</u>
Total Expenses	<u>126,069,899</u>	<u>123,666,376</u>
Increase in Net Assets	5,943,325	9,344,698
Net Assets, Beginning of Year	<u>173,279,135</u>	<u>163,934,437</u>
Net Assets, End of Year	<u>\$179,222,460</u>	<u>\$173,279,135</u>

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Governmental Activities

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

Table 3
Governmental Activities – FY 2012

	Total Cost of Services Fiscal Year 2012	Net Cost of Services Fiscal Year 2012
Instruction	\$ 81,817,743	\$ 37,345,933
Support Services		
Pupil Services	3,053,460	2,213,911
Improvement of Instructional Services	2,902,157	305,156
Educational Media Services	1,555,585	(3,049)
General Administration	2,027,622	(323,902)
School Administration	6,848,948	3,496,736
Business Administration	605,601	510,718
Maintenance and Operation of Plant	8,260,897	3,878,688
Student Transportation Services	6,661,113	379,829
Central Support Services	788,711	654,992
Other Support Services	1,205,652	672,576
Operations of Non-Instructional Services		
Miscellaneous Non-instructional	1,717,213	1,717,213
Food Services	5,730,643	490,817
Community service operation	-	(2,226)
Interest on Long-Term Debt	<u>2,894,554</u>	<u>2,894,554</u>
Total Expenses	<u>\$126,069,899</u>	<u>\$ 54,231,946</u>

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Table 3
Governmental Activities – FY 2011

	Total Cost of Services Fiscal Year 2011	Net Cost of Services Fiscal Year 2011
Instruction	\$ 80,972,002	\$31,032,567
Support Services		
Pupil Services	3,064,873	2,436,462
Improvement of Instructional Services	3,053,936	889,119
Educational Media Services	1,552,372	(76,425)
General Administration	1,881,642	(1,034,313)
School Administration	6,884,483	3,846,895
Business Administration	653,060	642,820
Maintenance and Operation of Plant	8,255,494	4,344,183
Student Transportation Services	6,414,477	3,166,466
Central Support Services	789,871	684,190
Other Support Services	1,121,829	580,326
Operations of Non-Instructional Services		
Enterprise Operations	545,359	545,359
Food Services	5,092,992	(56,698)
Community service operation	-	(786)
Interest on Long-Term Debt	<u>3,383,978</u>	<u>3,383,978</u>
Total Expenses	<u>\$123,666,676</u>	<u>\$ 50,384,143</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of \$192.4 million and total expenditures and other financing uses of \$189.8 million.

General Fund

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2012, the School District amended its General Fund budgeted as needed. For the General Fund, the actual revenues of \$97.7 million were above the final budgeted amounts of \$96.6 million by \$1.1 million. This difference was primarily due to state and federal grants obtained throughout the year and the mid-year QBE adjustment. The final actual expenditures of \$96.9 million were under the final budgeted amount of \$97.9 million by \$1.0 million.

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The fund balance of the School District's General Fund increased by \$760,219 or 4.5%, during the 2012 fiscal year. The School District's General Fund revenues decreased \$2,223,099 due to the expiration of the federal American Recovery and Reinvestment Act funds. The School District's General Fund expenditures decreased \$626,391 from the prior year as the School District imposed four furlough days on some employees.

Capital Projects

The fund balance of the Capital Project Fund increased by \$2,730,023 or 20.7%, during the 2012 fiscal year. This was attributed to funding from the state for the construction of the new Harmony Elementary school which opened June 2012. The School District's capital projects expenditures increase from the prior year of \$1,409,692 was due to the construction of Harmony Elementary.

Debt Service

The School District's Debt Service Fund had a total fund balance of \$5,597,567 all of which is restricted for the payment of debt service. The debt service tax revenues decreased by \$427,983 due to a lower tax digest as the millage rate remained constant at 2.20 mills. The School District had a refunding of the previous General Obligation Bonds, series 2005A in April 2012 for \$49,085,000 which will result in lower interest and principle payments in future years.

School Nutrition

The fund balance of the School Nutrition Fund decreased \$472,441 from the prior year. Operating expenditures increased \$1,825,290 from the prior year mainly due to purchases of new equipment for the school food service program. Revenue increased by \$1,228,451 which was attributed to increasing the cost of meals for students who are not eligible for free or reduced price lunches. This is a result of section 205 of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296) which was effective July 1, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2012, the School District had \$207.8 million invested in capital assets, all in governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation.

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities Fiscal Year 2012	Governmental Activities Fiscal Year 2011
Land	\$ 16,582,307	\$ 16,605,158
Construction in Progress	16,732,954	9,175,377
Buildings and Improvements	170,713,213	176,004,767
Equipment	<u>3,737,738</u>	<u>4,255,386</u>
 Total	 <u>\$207,766,212</u>	 <u>\$206,040,688</u>

Due to the ongoing growth in the county, the School District has numerous construction projects including new buildings, additions and renovations.

Additional information on the School District's Capital Assets can be found in Note 5.

Debt

At fiscal year ended June 30, 2012, the School District had \$70.1 million in long-term liabilities outstanding. Table 5 summarizes the School District's debt for general obligation bonds and premium on bonds sold.

Table 5
Debt at June 30

	Governmental Activities Fiscal Year 2012	Governmental Activities Fiscal Year 2011
General Obligation Bonds	\$ 58,673,776	\$ 68,340,000
Bond Premium	10,131,954	2,688,116
Capital Lease	589,010	644,475
Compensated Absences	<u>721,891</u>	<u>720,705</u>
 Total	 <u>\$70,116,631</u>	 <u>\$72,393,296</u>

Additional information on the District's Debt can be found in Note 8.

WALTON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CURRENT ISSUES

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations:

- Economic Slowdown – State funding for education has been reduced and as a result more pressure is being placed on the local school districts to prioritize its educational programs and provide additional local funding. Despite these challenges, the Walton County School District is remaining optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.
- Capital Improvements – The School District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with Educational Local Option Sales Tax (ELOST) and anticipated annual receipts of capital outlay funds from the state of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs and has moved into the newly constructed Harmony Elementary School in June of 2012. In November, 2011, the citizens of Walton County voted to renew the current ELOST which will begin January 1, 2013 and end December 31, 2017.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Harry S. Lee, Director of Budget and Finance at Walton County School District, 200 Double Springs Church Road, Monroe, Georgia 30656. You may also email your question to Mr. Lee at hlee@walton.k12.ga.us.

BASIC FINANCIAL STATEMENTS

WALTON COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 45,981,075
Receivables:	
Accounts	180,237
Intergovernmental	9,247,783
Taxes	3,861,304
Inventory	119,146
Deferred charges	516,210
Capital assets (nondepreciable)	33,315,261
Capital assets (net of accumulated depreciation)	174,450,951
Total assets	<u>267,671,967</u>
LIABILITIES	
Accounts payable	2,061,926
Salaries and benefits payable	13,226,074
Contracts payable	1,054,764
Accrued interest payable	854,947
Accrued claims payable	613,387
Retainage payable	521,778
Bonds payable due within one year	3,990,164
Bonds payable due in more than one year	64,815,566
Capital leases due within one year	61,035
Capital leases due in more than one year	527,975
Compensated absences, due in less than one year	671,359
Compensated absences, due in more than one year	50,532
Total liabilities	<u>88,449,507</u>
NET ASSETS	
Invested in capital assets, net of related debt	138,371,472
Restricted for:	
Capital projects	15,879,806
Federal programs	643
Debt service	5,597,567
School nutrition	1,900,519
Unrestricted	17,472,453
Total net assets	<u>\$ 179,222,460</u>

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

WALTON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 81,817,743	\$ -	\$ 44,381,235	\$ 90,575	\$ (37,345,933)
Support services:					
Pupil services	3,053,460	-	837,008	2,541	(2,213,911)
Improvement of instructional services	2,902,157	-	2,589,165	7,836	(305,156)
Educational media services	1,555,585	-	1,558,634	-	3,049
General administration	2,027,622	-	2,351,524	-	323,902
School administration	6,848,948	-	3,350,230	1,982	(3,496,736)
Business administration	605,601	-	94,883	-	(510,718)
Maintenance and operation of plant	8,260,897	-	4,326,190	56,019	(3,878,688)
Student transportation services	6,661,113	-	2,192,032	4,089,252	(379,829)
Central support services	788,711	-	124,776	8,943	(654,992)
Other support services	1,205,652	-	533,076	-	(672,576)
Operations of non-instructional services:					
Miscellaneous non-instructional services	1,717,213	-	-	-	(1,717,213)
Food services operation	5,730,643	1,429,016	3,729,258	81,552	(490,817)
Community service operation	-	-	-	2,226	2,226
Interest on long-term debt	2,894,554	-	-	-	(2,894,554)
Total governmental activities	<u>\$ 126,069,899</u>	<u>\$ 1,429,016</u>	<u>\$ 66,068,011</u>	<u>\$ 4,340,926</u>	<u>(54,231,946)</u>
General revenues:					
Property taxes, levied for general purposes					40,821,287
Property taxes, levied for debt service					4,508,458
Sales taxes					8,445,336
Other taxes					873,929
Grants and contributions not restricted to specific programs					1,448,771
Unrestricted investment earnings					79,787
Other					3,997,703
Total general revenues					<u>60,175,271</u>
Change in net assets					5,943,325
Net assets, beginning of year					173,279,135
Net assets, end of year					<u>\$ 179,222,460</u>

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

WALTON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2012

ASSETS	General	District-Wide Capital Projects	Debt Service	Grants	School Nutrition	Total Governmental Funds
Cash and cash equivalents	\$ 21,031,011	\$ 16,358,680	\$ 5,380,094	\$ 787,748	\$ 2,423,542	\$ 45,981,075
Receivables:						
Accounts	1,828	-	-	766	177,643	180,237
Intergovernmental	7,604,912	379,936	-	1,262,935	-	9,247,783
Taxes	2,868,106	717,732	275,466	-	-	3,861,304
Due from other funds	262,500	-	-	-	-	262,500
Inventory	-	-	-	-	119,146	119,146
Total assets	<u>\$ 31,768,357</u>	<u>\$ 17,456,348</u>	<u>\$ 5,655,560</u>	<u>\$ 2,051,449</u>	<u>\$ 2,720,331</u>	<u>\$ 59,652,045</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,638,237	\$ -	\$ -	\$ 137,584	\$ 286,105	\$ 2,061,926
Contracts payable	-	1,054,764	-	-	-	1,054,764
Salaries and benefits payable	11,915,959	-	-	965,743	344,372	13,226,074
Retainage payable	-	521,778	-	-	-	521,778
Due to other funds	-	-	-	262,500	-	262,500
Deferred revenue	805,363	-	57,993	-	-	863,356
Total liabilities	<u>14,359,559</u>	<u>1,576,542</u>	<u>57,993</u>	<u>1,365,827</u>	<u>630,477</u>	<u>17,990,398</u>
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	-	119,146	119,146
Restricted for:						
Federal programs	-	-	-	643	-	643
Capital projects	-	15,879,806	-	-	-	15,879,806
Debt service	-	-	5,597,567	-	-	5,597,567
School nutrition	-	-	-	-	1,970,708	1,970,708
Assigned for:						
Fiscal year 2013 budget	5,516,092	-	-	-	-	5,516,092
School use	-	-	-	684,979	-	684,979
Unassigned:	11,892,706	-	-	-	-	11,892,706
Total fund balances	<u>17,408,798</u>	<u>15,879,806</u>	<u>5,597,567</u>	<u>685,622</u>	<u>2,089,854</u>	<u>41,661,647</u>
Total liabilities and fund balances	<u>\$ 31,768,357</u>	<u>\$ 17,456,348</u>	<u>\$ 5,655,560</u>	<u>\$ 2,051,449</u>	<u>\$ 2,720,331</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

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

Cost	244,887,811
Less accumulated depreciation	(37,121,599)

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

Property taxes	863,356
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	(58,673,776)
Bond premium, net of amortization	(10,131,954)
Bond issuance costs, net of amortization	516,210
Claims payable	(613,387)
Accrued interest	(854,947)
Compensated absences	(721,891)
Capital leases	(589,010)

Net assets of governmental activities	<u>\$ 179,222,460</u>
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The accompanying notes are an integral part of these financial statements.

WALTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	District Wide Capital Projects	Debt Service	Grants	School Nutrition	Total Governmental Funds
REVENUES						
State funds	\$ 53,758,491	\$ 4,072,384	\$ -	\$ 1,290,797	\$ 157,188	\$ 59,278,860
Federal funds	267,061	-	-	8,672,131	3,582,070	12,521,262
Local and other funds	43,635,987	8,486,023	4,861,276	1,613,623	2,701,405	61,298,314
Total revenues	<u>97,661,539</u>	<u>12,558,407</u>	<u>4,861,276</u>	<u>11,576,551</u>	<u>6,440,663</u>	<u>133,098,436</u>
EXPENDITURES						
Current:						
Instruction	68,076,280	267,833	-	6,624,023	-	74,968,136
Support services:						
Pupil services	2,692,344	-	-	357,906	-	3,050,250
Improvement of instructional services	1,394,137	-	-	1,498,122	-	2,892,259
Educational media services	1,472,206	-	-	83,379	-	1,555,585
General administration	1,283,584	-	-	744,038	-	2,027,622
School administration	6,797,229	-	-	48,029	-	6,845,258
Business administration	911,418	-	-	562	-	911,980
Maintenance and operation of plant	8,117,715	-	-	72,423	-	8,190,138
Student transportation services	5,343,343	-	-	597,241	-	5,940,584
Central support services	724,343	-	-	53,072	-	777,415
Other support services	100,125	-	-	1,105,527	-	1,205,652
Miscellaneous non-instructional operations	-	-	-	428,927	1,285,474	1,714,401
Food services operation	-	-	-	-	5,627,630	5,627,630
Capital outlay	-	9,474,487	-	-	-	9,474,487
Debt service:						
Principal retirement	-	55,465	1,520,000	-	-	1,575,465
Interest and issuance costs	-	30,599	3,760,517	-	-	3,791,116
Total expenditures	<u>96,912,724</u>	<u>9,828,384</u>	<u>5,280,517</u>	<u>11,613,249</u>	<u>6,913,104</u>	<u>130,547,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>748,815</u>	<u>2,730,023</u>	<u>(419,241)</u>	<u>(36,698)</u>	<u>(472,441)</u>	<u>2,550,458</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	12,500	-	-	1,096	-	13,596
Transfers out	(1,096)	-	-	(12,500)	-	(13,596)
Issuance of refunding bonds	-	-	49,085,000	-	-	49,085,000
Premium from the issuance of refunding bonds	-	-	10,131,954	-	-	10,131,954
Payment to refunded bond escrow agent	-	-	(59,247,504)	-	-	(59,247,504)
	<u>11,404</u>	<u>-</u>	<u>(30,550)</u>	<u>(11,404)</u>	<u>-</u>	<u>(30,550)</u>
Net change in fund balances	760,219	2,730,023	(449,791)	(48,102)	(472,441)	2,519,908
FUND BALANCE, beginning of year	<u>16,648,579</u>	<u>13,149,783</u>	<u>6,047,358</u>	<u>733,724</u>	<u>2,562,295</u>	<u>39,141,739</u>
FUND BALANCE, end of year	<u>\$ 17,408,798</u>	<u>\$ 15,879,806</u>	<u>\$ 5,597,567</u>	<u>\$ 685,622</u>	<u>\$ 2,089,854</u>	<u>\$ 41,661,647</u>

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

WALTON COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Net change in fund balances - total governmental funds	\$	2,519,908
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 7,868,673		
Depreciation expense	<u>(3,433,848)</u>		4,434,825

The net effect of the sale of fixed assets is to decrease net assets		(2,709,301)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(1,085,212)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$ 1,520,000		
Principal payments - capital leases	55,465		
Issuance of refunded general obligation debt	(49,085,000)		
Bond premium	(10,131,954)		
Bond premium amortization expense	306,379		
Bond issuance costs	516,210		
Bond issuance costs amortization expense	(56,059)		
Claims payable	(24,665)		
Amortization on loss on refunded general obligation debt	(70,332)		
Payment of refunded general obligation debt into escrow account	<u>59,247,504</u>		2,277,548

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(1,186)		
Change in accrued interest	<u>506,743</u>		<u>505,557</u>

Change in net assets of governmental activities	\$	<u><u>5,943,325</u></u>
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The accompanying notes are an integral part of these financial statements.

WALTON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 53,107,865	\$ 53,245,864	\$ 53,758,491	\$ 512,627
Federal sources	52,000	52,000	267,061	215,061
Local sources and other funds	42,110,382	43,290,382	43,635,987	345,605
Total revenues	<u>95,270,247</u>	<u>96,588,246</u>	<u>97,661,539</u>	<u>1,073,293</u>
EXPENDITURES				
Current:				
Instruction	68,251,238	68,507,657	68,076,280	431,377
Support services:				
Pupil services	2,996,292	2,957,785	2,692,344	265,441
Improvement of instructional services	1,302,307	1,290,615	1,394,137	(103,522)
Educational media services	1,489,768	1,489,768	1,472,206	17,562
General administration	1,659,496	1,654,192	1,283,584	370,608
School administration	6,674,754	6,676,888	6,797,229	(120,341)
Business administration	959,155	957,805	911,418	46,387
Maintenance and operation of plant	8,576,359	8,577,909	8,117,715	460,194
Student transportation services	4,223,447	4,936,408	5,343,343	(406,935)
Central support services	740,275	740,275	724,343	15,932
Other support services	92,606	125,784	100,125	25,659
Total expenditures	<u>96,965,697</u>	<u>97,915,086</u>	<u>96,912,724</u>	<u>1,002,362</u>
Excess (deficiency) of revenues over (under) expenditures	(1,695,450)	(1,326,840)	748,815	2,075,655
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	12,500	12,500
Transfers out	-	-	(1,096)	(1,096)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,404</u>	<u>11,404</u>
Net change in fund balances	<u>(1,695,450)</u>	<u>(1,326,840)</u>	<u>760,219</u>	<u>2,087,059</u>
FUND BALANCE, beginning of year	<u>16,648,579</u>	<u>16,648,579</u>	<u>16,648,579</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 14,953,129</u>	<u>\$ 15,321,739</u>	<u>\$ 17,408,798</u>	<u>\$ 2,087,059</u>

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

WALTON COUNTY SCHOOL DISTRICT

GRANTS FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ -	\$ -	\$ 1,290,797	\$ 1,290,797
Federal sources	-	8,616,697	8,672,131	55,434
Local sources and other funds	-	-	1,613,623	1,613,623
Total revenues	-	8,616,697	11,576,551	2,959,854
EXPENDITURES				
Current:				
Instruction	4,428,625	6,870,312	6,624,023	246,289
Support services:				
Pupil services	234,348	467,131	357,906	109,225
Improvement of instructional services	785,971	1,833,800	1,498,122	335,678
Educational media services	-	335	83,379	(83,044)
General administration	429,351	866,798	744,038	122,760
School administration	-	50	48,029	(47,979)
Business administration	-	-	562	(562)
Maintenance and operation of plant	-	4,067	72,423	(68,356)
Student transportation services	237,499	557,606	597,241	(39,635)
Central support services	44,964	53,433	53,072	361
Other support services	91,146	470,383	1,105,527	(635,144)
Miscellaneous non-instructional services	-	-	428,927	(428,927)
Total expenditures	6,251,904	11,123,915	11,613,249	(489,334)
Excess (deficiency) of revenues over (under) expenditures	(6,251,904)	(2,507,218)	(36,698)	2,470,520
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,096	1,096
Transfers out	-	-	(12,500)	(12,500)
Total other financing sources (uses)	-	-	(11,404)	(11,404)
Net change in fund balances	(6,251,904)	(2,507,218)	(48,102)	2,459,116
FUND BALANCE, beginning of year	733,724	733,724	733,724	-
FUND BALANCE, end of year	\$ (5,518,180)	\$ (1,773,494)	\$ 685,622	\$ 2,459,116

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

WALTON COUNTY SCHOOL DISTRICT

SCHOOL NUTRITION FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
State sources	\$ 303,899	\$ 303,899	\$ 157,188	\$ (146,711)
Federal sources	4,400,063	4,400,063	3,582,070	(817,993)
Local sources and other funds	2,645,653	2,645,653	2,701,405	55,752
Total revenues	7,349,615	7,349,615	6,440,663	(908,952)
EXPENDITURES				
Miscellaneous non-instructional services	5,000	15,000	1,285,474	(1,270,474)
Food services operation	6,037,693	6,037,693	5,627,630	410,063
Capital outlay	720,411	720,411	-	720,411
Total expenditures	6,763,104	6,773,104	6,913,104	(140,000)
Net change in fund balances	586,511	576,511	(472,441)	(1,048,952)
FUND BALANCE, beginning of year	2,562,295	2,562,295	2,562,295	-
FUND BALANCE, end of year	\$ 3,148,806	\$ 3,138,806	\$ 2,089,854	\$ (1,048,952)

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

WALTON COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUND JUNE 30, 2012

ASSETS	Agency Fund
Cash	\$ 358,010
Accounts receivable	462
Total assets	<u>\$ 358,472</u>
LIABILITIES	
Due to others	<u>\$ 358,472</u>
Total liabilities	<u>\$ 358,472</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Walton County School District ("School District") was established under the laws of the State of Georgia and operates under the guidance of a school board ("Board of Education") elected by the voters and a Superintendent appointed by the Walton County School District. The School District 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.

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 Walton County School District.

District-wide Statements:

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

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.

In the Statement of Net Assets, equity is reported as net assets and consists of amounts invested in capital assets, net of related debt, amounts restricted by outside parties for specific purposes and unrestricted amounts.

Fund Financial Statements:

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

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for taxes (property and sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.
- The *Grants Fund* accounts for various federal state grant monies received by the School District.
- The *School Nutrition Fund* accounts for the monies and commodities received from the federal and state governments and school cafeteria sales for the purpose of maintaining the School District's breakfast, lunch, and snack programs.

The School District reports the following fiduciary fund types:

- *Agency Fund* accounts for assets held by the School District as an agent for various clubs or school groups.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes are recognized as revenue in the period for which they were levied, if they are collected within sixty days of year end. All other revenues reported in the governmental funds to be available if they are

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

collected within one year after year-end. Property taxes, sales taxes, intergovernmental revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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

Cash and Cash Equivalents

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. The Official Code of Georgia Annotated Section 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured Federal Savings and Loan Associations.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States government,
- (3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) Obligations of any corporation of the United States government,
- (5) Prime banker's acceptances,
- (6) The Local Government Investment Pool administered by the State of Georgia, Office of Treasury and Fiscal Services, and
- (7) Obligations of other political subdivisions of the State of Georgia.

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 Walton County Tax Commissioner approved the property tax levy for the 2011 tax digest year (calendar year) on August 17, 2011 (levy date). Taxes were due on November 15, 2011 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2011 tax digest are reported as revenue in the governmental funds for fiscal year 2012. The Walton County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2012, for maintenance and operations amounted to \$40,745,885 and for school bonds amounted to \$4,652,630.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education (operations). The Walton County School District is in compliance with this law. Tax millage rates levied for the 2011 tax year (calendar year) for the Walton County School District were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	19.60 mills
School Bonds	<u>2.20</u> mills
Total	<u>21.80</u> mills

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$8,445,336 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

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.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$1,000	N/A
Land Improvements	\$50,000	20 to 80 years
Buildings and Improvements	\$100,000	15 to 80 years
Equipment	\$50,000	5 to 50 years
Intangible Assets, software	\$100,000	5 to 10 years

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the School District does not have a policy to pay any amounts when employees separate from service with the School District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligations bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment.
- **Assigned** - Fund balances are reported as assigned when amounts are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.
- **Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

**WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Assets - Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School District adopts an annual budget for its General Fund, special revenue funds and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board of Education after advertisement, the budget is revised as necessary and adopted as the final budget. The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2012.

General Fund

Support Services:

Improvement of instructional services	\$ 103,522
School administration	120,341
Student transportation services	406,935

Grants Fund

Support Services:

Educational media services	83,044
School administration	47,979
Business administration	562
Maintenance and operation of plant	68,356
Student transportation services	39,635
Other support services	635,144
Miscellaneous non-instructional services	428,927

School Nutrition Fund

Miscellaneous non-instructional services	1,270,474
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WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 3: DEPOSITS AND INVESTMENTS

Deposits. As of June 30, 2012, the bank balance of the School District's deposits was \$47,241,548. Of the School District's deposits, the entire balance is either insured by federal depository insurance or collateralized in an amount equal to 110% of uninsured deposits. The collateral must be placed with the Federal Reserve Bank or a third party bank, which serves as the School District's agent. The collateral placed with the Federal Reserve Bank or the third party bank is in the name of the School District and the School District is responsible for the release of the collateral securities.

Custodial credit risk- deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, the School District's cash accounts and investments were properly collateralized as required by State statutes.

At June 30, 2012, all investments of the School District were invested in Georgia Fund 1, the local government investment pool administered by the State of Georgia. The Georgia Fund 1 investment pool is not subject to credit risk classification and the carrying amount of \$23,464,700 is reported at fair value. These investments are considered cash equivalents.

Credit risk. State statutes authorize the School District to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; obligations of other political subdivisions of the State of Georgia; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund I is not registered with the Securities and Exchange Commission (SEC) but operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As of June 30, 2012, the School District's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

At June 30, 2012, the School District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	48 day weighted average	\$ 23,464,700
Total		<u>\$ 23,464,700</u>

Note 4: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2012, the commodities inventory and usage is recorded at their federally assigned value of \$31,204 and \$229,100, respectively.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 5: CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated				
Land and improvements	\$ 16,605,158	\$ -	\$ 22,851	\$ 16,582,307
Construction in progress	9,175,377	7,608,643	51,066	16,732,954
Total capital assets not being depreciated	25,780,535	7,608,643	73,917	33,315,261
Capital assets being depreciated				
Buildings and Improvements	201,306,761	-	5,260,242	196,046,519
Equipment	15,742,263	260,030	476,262	15,526,031
Total capital assets being depreciated	217,049,024	260,030	5,736,504	211,572,550
Less accumulated depreciation for				
Buildings and Improvements	25,301,994	2,656,169	2,624,857	25,333,306
Equipment	11,486,877	777,679	476,263	11,788,293
Total accumulated depreciation	36,788,871	3,433,848	3,101,120	37,121,599
Total capital assets being depreciated, net	180,260,153	(3,173,818)	2,635,384	174,450,951
Total governmental activities capital assets, net	\$ 206,040,688	\$ 4,434,825	\$ 2,709,301	\$ 207,766,212

Current year depreciation expense by function is as follows.

Instruction	\$ 2,804,253
Support Services:	
Pupil services	2,187
Improvement of instructional services	6,744
School administration	1,706
Maintenance and operation of plant	48,213
Student transportation services	490,943
Central support services	7,697
Miscellaneous non-instructional services	1,916
Food services operations	70,189
	<u>\$ 3,433,848</u>

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The composition of interfund balances as of June 30, 2012 is as follows:

Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 262,500	\$ -
Grants Fund	-	262,500
Total governmental funds	<u>\$ 262,500</u>	<u>\$ 262,500</u>

Interfund transfers, the purpose of which is to supplement the operations of the funds, for the year ended June 30, 2012, consisted of the following:

Transfers To	Transfers From		Totals
	General	Grants	
General Fund	\$ -	\$ 12,500	\$ 12,500
Grants Fund	1,096	-	1,096
	<u>\$ 1,096</u>	<u>\$ 12,500</u>	<u>\$ 13,596</u>

Note 7: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God. The School District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and job related illness or injuries to employees, and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probably that a loss has occurred, and the amount of that loss can be reasonable estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 loss per occurrence, up to the statutory limit.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7: RISK MANAGEMENT (Continued)

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2011	\$ 527,760	\$ 153,214	\$ 92,252	\$ 588,722
2012	\$ 588,722	\$ 64,663	\$ 39,998	\$ 613,387

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

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

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2011	\$ -	\$ 48,874	\$ 48,874	\$ -
2012	\$ -	\$ 25,643	\$ 25,643	\$ -

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$100,000
All Other Employees	\$100,000

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8: LONG-TERM DEBT

The Walton County School District has entered into a lease agreement as lessee for a building. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2012:

Fiscal Year Ending June 30,	
2013	\$ 85,403
2014	85,204
2015	85,493
2016	85,270
2017	85,331
2018-2022	<u>280,842</u>
Total minimum lease payments	707,543
Less amount representing interest	<u>118,533</u>
Present value of future minimum lease payments	589,010
Less current maturities	<u>61,035</u>
Net of current maturities	<u><u>\$ 527,975</u></u>

The following is an analysis of leased assets under capital leases as of June 30, 2012:

Building	\$ 725,985
Land	<u>89,187</u>
	<u><u>\$ 815,172</u></u>

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

The School District issued Series 2012 General Obligation Bonds during fiscal year 2012 as a partial refunding of the Series 2005A General Obligation Bonds. The loss on refunding was \$5,626,556 and the economic gain was \$3,402,593. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Refunding - Series 2005A	3.00% - 5.00%	\$15,145,000
General Government – Refunding - Series 2012	2.00% - 5.25%	<u>49,085,000</u>
		<u><u>\$64,230,000</u></u>

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8: LONG-TERM DEBT (Continued)

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

	Governmental Funds					Total
	General Obligation Bonds	Bond Premium	Compensated Absences	Accrued Claims Payable	Capital Lease	
Balance July 1, 2011	\$ 68,340,000	\$ 2,688,116	\$ 720,705	\$ 588,722	\$ 644,475	\$ 72,982,018
Additions	49,085,000	10,131,954	451,274	64,663	-	59,732,891
Deductions	(58,751,224)	(2,688,116)	(450,088)	(39,998)	(55,465)	(61,984,891)
Balance June 30, 2012	<u>\$ 58,673,776</u>	<u>\$ 10,131,954</u>	<u>\$ 721,891</u>	<u>\$ 613,387</u>	<u>\$ 589,010</u>	<u>\$ 70,730,018</u>
Due within one year	<u>\$ 3,143,008</u>	<u>\$ 847,156</u>	<u>\$ 671,359</u>	<u>\$ 613,387</u>	<u>\$ 61,035</u>	<u>\$ 5,335,945</u>
Due in more than one year	<u>\$ 55,530,768</u>	<u>\$ 9,284,798</u>	<u>\$ 50,532</u>	<u>\$ -</u>	<u>\$ 527,975</u>	<u>\$ 65,394,073</u>

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

Year Ending June 30	General Obligation Debt		
	Principal	Interest	Total
2013	\$ 3,565,000	\$ 1,025,937	\$ 4,590,937
2014	3,705,000	2,909,669	6,614,669
2015	3,855,000	2,784,625	6,639,625
2016	4,020,000	2,591,875	6,611,875
2017	4,025,000	2,390,875	6,415,875
2018-2022	22,645,000	9,205,175	31,850,175
2023-2027	<u>22,415,000</u>	<u>2,953,163</u>	<u>25,368,163</u>
Total Principal and Interest	<u>\$ 64,230,000</u>	<u>\$ 23,861,319</u>	<u>\$ 88,091,319</u>

The above maturity schedule does not include the net effect of the unamortized loss on refunding of \$5,566,224, which is netted against the general obligation debt.

**WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$221,233 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid the Teachers Retirement System
For Teachers Retirement (TRS)
In the amount of \$76,410

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of \$144,823

Note 10: CONTINGENCIES

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

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The School District has entered into various construction contracts. At year end, the uncompleted and unpaid portion of these contracts totaled \$1,664,746.

WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Teachers Retirement System of Georgia, Two Northside 75, Suite 100, Atlanta, GA 30318.

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

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

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

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$ 3,623,192
2011	100%	\$ 3,617,715
2010	100%	\$ 3,452,012

**WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 11: RETIREMENT PLANS (Continued)

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of services and retirees between the ages of 60 and 65 receive a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute four dollars per month for the nine month school year. Unlike TRS, the School District makes no contribution to PSERS. Total contributions from employees of the School District were \$12,460, \$12,980, and \$12,948 for the fiscal years ended June 30, 2012, 2011, and 2010, respectively.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation.

Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest. There were 341, 351, and 379 employees (members) covered under PSERS for the fiscal years ended June 30, 2012, 2011, and 2010, respectively.

Note 12: POSTEMPLOYMENT BENEFITS

GEORGIA RETIREE HEALTH BENEFIT FUND

Plan Description. The School District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

**WALTON COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 12: POSTEMPLOYMENT BENEFITS (Continued)

GEORGIA RETIREE HEALTH BENEFIT FUND (Continued)

Funding Policy. The contribution requirements of the plan members and participating employers are established and may be amended by the Board of the Department of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2012, were as follows:

Certified employees

<u>Period</u>	<u>Percentage of Covered Payroll</u>
July 2011 - March 2012	24.00% August - May covered payroll
April 2012 - June 2012	3.958% of June - July covered payroll

Non-Certificated Employees \$246.20 per month for the period from July, 2011 through August, 2011 and \$296.20 per month for the period from September, 2011 through June 2012.

No additional contribution was required by the Board of the Department of Community Health for fiscal year ended June 30, 2012 nor contributed to GRBHF to prefund retire benefits. Such additional contribution amounts are determined annually by the Board of Community Health in accordance with the State plan for other post-employment benefits and are subject to appropriation.

The School District's contributions, which equaled the required contribution, to the health insurance plans was \$10,282,443; \$10,505,454; and \$10,143,081 for the fiscal years ended June 30, 2012, 2011, and 2010, respectively.

OTHER SUPPLEMENTARY INFORMATION

WALTON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ASSETS	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Cash	\$ 352,435	\$ 2,503,053	\$ (2,497,478)	\$ 358,010
Accounts receivable	<u>-</u>	<u>462</u>	<u>-</u>	<u>462</u>
Total assets	<u><u>\$ 352,435</u></u>	<u><u>\$ 2,503,515</u></u>	<u><u>\$ (2,497,478)</u></u>	<u><u>\$ 358,472</u></u>
LIABILITIES				
Due to others	<u>\$ 352,435</u>	<u>\$ 2,503,053</u>	<u>\$ (2,497,016)</u>	<u>\$ 358,472</u>
Total liabilities	<u><u>\$ 352,435</u></u>	<u><u>\$ 2,503,053</u></u>	<u><u>\$ (2,497,016)</u></u>	<u><u>\$ 358,472</u></u>

WALTON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project	Original/Current Estimated Cost(1)(2)	Prior Years(3)	Current Year(3)	Total	Project Status
To pay the costs of acquiring, constructing and equipping two new elementary schools and a new high school, acquiring land for future school sites and adding to, renovating, repairing, improving, furnishing and equipping existing educational buildings, properties and facilities of the Walton County Board of Education.	<u>\$ 40,390,000</u>	<u>\$ 48,134,231</u>	<u>\$ 2,417,203</u>	<u>\$ 50,551,434</u>	Ongoing

- (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 Walton 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.

STATISTICAL SECTION

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District’s overall financial position.

Contents:

Financial Trends	These schedules contain trend information to help the reader understand how the School District’s financial position has changed over time.
Revenue Capacity	These schedules contain information to help the reader assess the School District’s major revenue sources.
Debt Capacity	These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt and the School District’s ability to issue additional debt in the future.
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District’s financial activities take place.
Operating Information	These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the School District’s financial report relates to the services the School District provides and the activities it performs.

WALTON COUNTY SCHOOL DISTRICT

NET ASSETS BY ACTIVITY

Last Seven Fiscal Years
(accrual basis of accounting)

	2006	2007
Governmental activities		
Invested in capital assets, net of related debt	\$ 98,433,408	\$ 64,620,054
Restricted	5,352,993	3,749,345
Unrestricted	18,735,957	67,913,875
Total governmental activities net assets	\$ 122,522,358	\$ 136,283,274

Data Source: School District's Audited Financial Statements for Each Fiscal Year
Information is Not Available for Fiscal Years Prior to 2006

2008		2009		2010		2011		2012	
\$	87,390,357	\$	122,999,471	\$	127,947,912	\$	134,368,097	\$	138,371,472
	5,911,671		23,048,335		19,471,789		21,501,114		23,378,535
	57,430,254		13,259,577		16,514,736		17,409,924		17,472,453
\$	150,732,282	\$	159,307,383	\$	163,934,437	\$	173,279,135	\$	179,222,460

WALTON COUNTY SCHOOL DISTRICT

CHANGES IN NET ASSETS Last Seven Fiscal Years (accrual basis of accounting)

	2006	2007
Expenses		
Primary government:		
Governmental activities:		
Instruction	\$ 62,029,147	\$ 75,687,915
Pupil services	3,286,814	2,763,326
Improvement of instructional services	3,495,857	3,134,867
Educational media services	1,562,805	2,129,074
General administration	1,140,501	1,337,357
School administration	5,571,829	6,181,426
Business administration	688,454	701,141
Maintenance and operation of plant	6,756,691	7,337,303
Student transportation services	9,456,281	6,244,873
Central support services	818,983	834,556
Other support services	1,467,068	2,410,795
Miscellaneous non-instructional services	-	-
Enterprise operations	404,134	320,247
Food services operation	4,799,181	4,426,782
Interest on long-term debt	2,485,554	3,516,191
Total governmental activities expenses	103,963,299	117,025,853
Total primary government expenses	103,963,299	117,025,853
Program revenues		
Primary government:		
Governmental activities:		
Charges for services, Instruction	2,799,499	1,814,164
Operating grants and contributions	53,947,312	59,952,636
Capital grants and contributions	1,608,899	5,913,415
Total governmental activities program revenues	58,355,710	67,680,215
Total primary government revenues	58,355,710	67,680,215
General revenues and other changes in net assets		
Primary government:		
Governmental activities:		
Property taxes, levied for general purposes	36,091,285	42,906,054
Property taxes, levied for debt service	3,308,905	6,214,711
Sales taxes	8,677,399	9,185,452
Other taxes	2,009,670	2,086,714
Unrestricted investment earnings	3,890,534	4,333,919
Grants and contributions not restricted to specific programs	96,708	-
Other	466,104	1,907,656
Total governmental activities general revenues and other changes in net assets	54,540,605	66,634,506
Total primary government general revenues and other changes in net assets	54,540,605	66,634,506
Change in net assets		
Governmental activities	8,933,016	17,288,868
Total primary government change in net assets	\$ 8,933,016	\$ 17,288,868

Data Source: School District's Audited Financial Statements for Each Fiscal Year
Information is Not Available for Fiscal Years Prior to 2006

2008	2009	2010	2011	2012
\$ 80,308,078	\$ 79,773,645	\$ 81,693,378	\$ 80,972,010	\$ 81,817,743
3,351,215	2,911,623	3,171,292	3,064,873	3,053,460
3,000,271	3,174,742	2,948,117	3,053,936	2,902,157
2,040,852	1,547,483	1,653,403	1,552,372	1,555,585
1,468,737	1,592,096	1,715,457	1,881,642	2,027,622
7,370,755	7,045,958	7,045,417	6,884,483	6,848,948
750,313	423,481	595,413	653,060	605,601
8,847,022	8,037,640	8,441,857	8,255,494	8,260,897
6,450,621	6,528,179	6,216,469	6,414,477	6,661,113
954,249	954,198	780,291	789,871	788,711
733,783	687,582	1,058,727	1,121,829	1,205,652
-	340,579	604,594	545,359	1,717,213
333,416	-	-	-	-
4,571,494	5,052,752	4,886,039	5,092,992	5,730,643
3,585,643	3,579,199	3,472,547	3,383,978	2,894,554
123,766,449	121,649,157	124,283,001	123,666,376	126,069,899
123,766,449	121,649,157	124,283,001	123,666,376	126,069,899
1,856,930	2,093,493	1,639,885	1,382,152	1,429,016
65,156,885	61,740,040	66,572,962	70,420,929	66,068,011
5,891,233	2,505,001	79,833	1,479,152	4,340,926
72,905,048	66,338,534	68,292,680	73,282,233	71,837,953
72,905,048	66,338,534	68,292,680	73,282,233	71,837,953
45,486,347	47,728,763	44,420,717	43,641,146	40,821,287
6,711,104	6,286,284	5,282,039	5,126,643	4,508,458
8,644,240	7,738,064	8,045,769	7,804,757	8,445,336
1,134,642	1,025,921	764,940	703,685	873,929
2,591,819	677,145	163,315	127,977	79,787
-	-	-	-	1,448,771
742,257	429,547	1,940,595	2,324,633	3,997,703
65,310,409	63,885,724	60,617,375	59,728,841	60,175,271
65,310,409	63,885,724	60,617,375	59,728,841	60,175,271
14,449,008	8,575,101	4,627,054	9,344,698	5,943,325
\$ 14,449,008	\$ 8,575,101	\$ 4,627,054	\$ 9,344,698	\$ 5,943,325

WALTON COUNTY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS LAST SEVEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012
General Fund							
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,695,450	\$ 5,516,092
Unassigned	-	-	-	-	-	14,953,129	11,892,706
Reserved	1,145,917	118,899	-	-	-	-	-
Unreserved	19,110,184	20,124,095	12,106,301	10,055,366	14,185,239	-	-
Total general fund	\$ 20,256,101	\$ 20,242,994	\$ 12,106,301	\$ 10,055,366	\$ 14,185,239	\$ 16,648,579	\$ 17,408,798
All Other Governmental Funds							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,060	\$ 119,146
Restricted	-	-	-	-	-	21,571,147	23,448,724
Assigned	-	-	-	-	-	695,953	684,979
Reserved	69,407,572	3,679,146	5,967,121	7,141,505	6,972,065	-	-
Unreserved, reported in:							
Special revenue funds	-	-	2,294,392	2,461,541	2,925,342	-	-
Capital project funds	1,823,955	47,694,611	43,349,123	16,125,865	12,685,584	-	-
Total all other governmental funds	\$ 71,231,527	\$ 51,373,757	\$ 51,610,636	\$ 25,728,911	\$ 22,582,991	\$ 22,493,160	\$ 24,252,849

Note: The implementation of GASB 54 beginning with fiscal year ended June 30, 2011 significantly changed the presentation of fund balances of the School District. Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Seven Fiscal Years

	2006	2007	2008	2009	2010	2011	2012
REVENUES							
State sources	\$45,713,078	\$ 57,145,525	\$60,874,400	\$ 52,837,771	\$48,745,992	\$55,664,546	\$ 59,278,860
Federal sources	8,537,124	8,545,584	7,959,210	10,467,767	17,631,107	16,235,535	12,521,262
Local and other sources	43,760,959	65,628,905	68,154,496	64,891,537	63,333,828	60,416,309	61,298,314
On behalf payments	-	1,608,863	2,214,508	928,125	275,696	-	-
Total revenues	98,011,161	132,928,877	139,202,614	129,125,200	129,986,623	132,316,390	133,098,436
EXPENDITURES							
Current:							
Instruction	61,183,072	71,083,030	78,007,814	75,814,236	76,844,878	77,197,743	74,968,136
Support services:							
Pupil services	3,267,985	2,818,345	3,351,215	2,908,158	3,167,894	3,062,181	3,050,250
Improvement of instructional services	3,361,695	3,126,539	2,983,828	3,159,114	2,930,965	3,045,634	2,892,259
Educational media services	1,524,100	2,157,736	2,039,410	1,547,483	1,653,403	1,552,372	1,555,585
General administration	1,094,814	1,329,989	1,460,873	1,588,340	1,711,775	1,880,183	2,027,622
School administration	5,545,806	6,301,880	7,147,673	6,975,321	7,049,883	6,812,861	6,845,258
Business administration	883,965	918,646	952,880	940,393	908,704	963,389	911,980
Maintenance and operation of plant	6,532,117	7,307,643	8,808,664	7,957,673	8,359,495	8,193,299	8,190,138
Student transportation services	4,032,183	5,004,001	5,934,382	5,701,187	5,494,846	5,831,280	5,940,584
Central support services	701,591	789,441	930,862	929,803	756,376	770,922	777,415
Other support services	1,467,068	2,410,795	733,783	687,582	1,058,727	1,121,829	1,205,652
Enterprise operations	352,822	311,327	329,887	337,543	601,617	543,000	1,714,401
Food services operation	3,702,894	4,203,263	4,483,077	4,926,260	4,764,085	5,006,778	5,627,630
Capital outlay	100,500	41,159,654	24,636,799	38,027,572	7,868,556	7,942,800	9,474,487
Debt service:							
Principal retirement	-	1,279,195	1,731,090	2,041,870	2,379,015	2,746,355	1,575,465
Interest and fees	-	3,495,270	3,570,191	3,515,325	3,452,451	3,368,247	3,791,116
Total expenditures	93,750,612	153,696,754	147,102,428	157,057,860	129,002,670	130,038,873	130,547,978
Excess (deficiency) of revenues over (under) expenditures	4,260,549	(20,767,877)	(7,899,814)	(27,932,660)	983,953	2,277,517	2,550,458
OTHER FINANCING SOURCES (USES)							
Transfers in	-	106,578	4,094,724	394,368	4,061,226	28,175	13,596
Transfers out	-	(106,578)	(4,094,724)	(394,368)	(4,061,226)	(28,175)	(13,596)
Other uses	(903,196)	-	-	-	-	-	-
Premium from the issuance of refunding bonds	-	-	-	-	-	-	10,131,954
Payment to refunded bond escrow agent	-	-	-	-	-	-	(59,247,504)
Issuance of refunding bonds	-	-	-	-	-	-	49,085,000
Proceeds from sale of capital assets	-	897,000	-	-	-	95,992	-
Total other financing sources (uses)	(903,196)	897,000	-	-	-	95,992	(30,550)
Net change in fund balance	\$ 3,357,353	\$(19,870,877)	\$(7,899,814)	\$(27,932,660)	\$ 983,953	\$ 2,373,509	\$ 2,519,908

Debt service as a percentage of noncapital expenditures	0.00%	3.00%	3.60%	3.50%	4.45%	4.67%	4.06%
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Data Source: Audited Financial Statements
Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Tax Year	Real Property				Personal Property				Less Exemptions:		Total Direct Tax	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property (1) & Industrial Property	Commercial & Industrial	Public Utilities	Inventory & Equipment	Motor Vehicles	Mobile Homes	Other (2)	Real Property	Personal Property	Rate	Value	Actual Value
2012	2011	\$ 1,381,176	\$ 157,739	\$ 324,373	\$ 83,515	\$ 232,162	\$ 216,600	\$10,243	\$ 4,407	\$152,985	\$ 51,102	12.175	\$5,515,317	40.00%
2011	2010	1,583,810	261,062	325,583	81,366	223,263	217,337	10,592	3,924	236,455	37,834	11.032	6,081,618	40.00%
2010	2009	1,808,305	303,668	345,840	83,515	210,292	221,024	10,592	3,908	311,502	22,490	10.882	6,632,880	40.00%
2009	2008	1,863,686	303,587	343,052	74,120	218,176	251,611	11,991	4,940	308,471	20,497	10.055	6,855,488	40.00%
2008	2007	2,074,423	336,236	340,304	70,214	233,542	243,221	11,876	4,839	410,139	24,246	10.064	7,200,675	40.00%
2007	2006	1,990,790	333,143	315,531	69,626	184,530	229,630	11,923	4,677	407,648	25,311	10.064	6,767,228	40.00%
2006	2005	1,765,565	305,189	295,482	64,936	180,082	206,398	12,672	4,638	340,191	26,335	10.064	6,171,090	40.00%
2005	2004	1,565,708	281,182	258,390	59,942	172,935	208,583	13,165	4,591	298,615	26,420	10.064	5,598,653	40.00%
2004	2003	1,304,003	241,241	212,216	61,162	157,884	196,538	13,930	4,725	203,911	25,080	10.084	4,906,770	40.00%
2003	2002	1,199,588	243,412	191,307	56,548	139,848	194,533	14,292	3,725	198,200	21,956	10.084	4,557,743	40.00%

Source: Tax Assessor

(1) Includes Conservation Use, Preferential Property and Forest Land.

(2) Includes Timber, Airplanes, Boats, RV's, etc.

WALTON COUNTY SCHOOL DISTRICT

PROPERTY TAX RATES (DIRECT AND OVERLAPPING GOVERNMENTS)

Last Ten Fiscal Years

(Mills - rate per \$1,000 of taxable assessed value)

Fiscal Year	Operating Millage	School District			State	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total School Millage		
2012	12.175	19.600	2.200	21.800	0.250	34.225
2011	11.032	18.600	2.200	20.800	0.250	32.082
2010	10.882	18.250	2.200	20.450	0.250	31.582
2009	10.055	17.490	2.450	19.940	0.250	30.245
2008	10.064	17.240	2.700	19.940	0.250	30.254
2007	10.064	17.240	2.700	19.940	0.250	30.254
2006	10.064	17.240	1.600	18.840	0.250	29.154
2005	10.064	18.020	0.820	18.840	0.250	29.154
2004	10.084	17.020	0.880	17.900	0.250	28.234
2003	10.084	16.940	0.960	17.900	0.250	28.234

Source: Tax Commissioner

Overlapping rates are those of local and county governments that apply to property owners within the County.

Not all potential overlapping rates apply to all County property owners (e.g., the rates for special districts apply only proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

WALTON COUNTY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND EIGHT YEARS AGO

June 30, 2012

(amounts expressed in thousands)

Item	Taxpayer	2012			2004		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
1	Walton EMC	\$32,493	1	1.64%	\$17,802	1	0.98%
2	Walton County Power, LLC	24,778	2	1.25%	-	-	-
3	MPC Generating, LLC	20,767	3	1.05%	-	-	-
4	Transcontinental Gas	13,547	4	0.69%	13,412	3	0.74%
5	Georgia Transmission	9,273	5	0.47%	-	-	-
6	Georgia Power Corp.	9,352	6	0.47%	5,076	7	0.28%
7	L & P Materials MFG, Inc.	7,975	7	0.40%	4,939	8	0.27%
8	Pike Electric, Inc.	7,271	8	0.37%	-	-	-
9	Windstream Georgia	6,924	9	0.35%	-	-	-
10	Murray E. Kenneth, Sr.	6,515	10	0.33%	5,327	6	0.29%
11	Wal-Mart Real Estate	-	-	-	15,401	2	0.84%
12	Avondale Mills	-	-	-	7,591	4	0.42%
13	Alltell GA Communications	-	-	-	7,135	5	0.39%
14	Meridian Homes	-	-	-	4,768	9	0.26%
15	Bell South Telecomm, Inc.	-	-	-	4,425	10	0.24%
Totals		<u>\$138,895</u>		<u>7.02%</u>	<u>\$85,876</u>		<u>4.71%</u>

Source: Walton County Tax Commissioner
Usable data was not available prior to 2004.

WALTON COUNTY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Six Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Total Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Tax Collections	% of Total Levy Collected	Outstanding Delinquent Taxes
		Amount	Percentage of Original Levy				
2012	\$ 36,157	\$34,119	94.36%	\$ 535	\$ 34,654	95.8%	\$ 2,038
2011	41,170	37,844	91.92%	1,735	39,579	96.1%	3,226
2010	43,580	38,410	88.14%	1,373	39,783	91.3%	5,170
2009	44,720	40,228	89.96%	927	41,155	92.0%	4,492
2008	46,678	39,261	84.11%	418	39,679	85.0%	7,417
2007	43,567	36,063	82.78%	468	36,531	83.9%	7,504

Source: Walton County Tax Commissioner
Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Seven Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2012	\$ 58,674	\$ 589	\$ 59,263	N/A	\$ 707
2011	68,340	644	68,984	N/A	763
2010	71,030	701	71,731	2.60%	856
2009	73,355	755	74,110	2.74%	849
2008	75,345	807	76,152	2.86%	888
2007	77,025	897	77,922	3.07%	936
2006	78,265	-	78,265	3.36%	987

Source: Details regarding the School District's outstanding debt can be found in the notes to the financial statement for each respective year.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A - Information is not available for these years

WALTON COUNTY SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Seven Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2012	\$ 58,674	\$ 5,598	\$ 53,076	0.96%	\$ 634
2011	68,340	6,047	62,293	1.02%	689
2010	71,030	6,760	64,270	0.97%	767
2009	73,355	6,922	66,433	0.97%	761
2008	75,345	5,797	69,548	0.97%	811
2007	77,025	3,679	73,346	1.08%	881
2006	78,265	1,280	76,985	1.25%	971

Source: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT as of June 30, 2012 (amounts expressed in thousands)

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
General Obligation Bonds of School District (1)	\$ 58,674	100%	\$ 58,674
Overlapping:			
Walton County:			
General Obligation Bonds (1)	13,915	100%	13,915
Total Direct and Overlapping	\$ 72,589		\$ 72,589

Sources: Assessed value data used to estimate applicable percentages provided by the State Department of Revenue. Debt outstanding provided by the School District.

(1) General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the county. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

WALTON COUNTY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Six Fiscal Years
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012
Assessed valuations: (1)							
Assessed value	\$ 2,603,493	\$ 2,888,335	\$ 3,056,824	\$ 2,806,155	\$ 2,749,304	\$ 2,477,481	\$ 2,236,693
Debt limit (10% of total assessed value)	260,349	288,834	305,682	280,616	274,930	247,748	223,669
Amount of debt applicable to limit:							
General obligation bonds	77,025	75,345	73,355	71,030	68,340	68,340	58,674
Less: Amount set aside for repayment of general obligation debt	(5,598)	(6,760)	(6,922)	(5,797)	(3,679)	(1,280)	(1,280)
Total net debt applicable to limit	71,427	68,585	66,433	65,233	64,661	67,060	57,394
Legal debt margin	\$ 188,921	\$ 220,249	\$ 239,249	\$ 215,383	\$ 210,269	\$ 180,688	\$ 166,275
Total net debt applicable to the limit as a percentage of debt limit	27.44%	23.75%	21.73%	23.25%	23.52%	27.07%	25.66%

Source: (1) Walton County Tax Assessor

(2) School District's Audited Financial Statements for Each Respective Year

Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2) (000's omitted)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
2012	83,768	N/A	\$ 22,314	37.3	13,210	9.9%
2011	90,444	N/A	22,637	35.2	14,966	10.1%
2010	83,758	\$ 2,754	22,624	37.4	14,836	10.3%
2009	87,311	2,702	30,947	36.7	14,642	10.2%
2008	85,782	2,664	31,022	34.6	14,530	6.5%
2007	83,241	2,539	30,502	34.5	13,891	4.7%
2006	79,295	2,327	29,348	34.6	13,446	4.5%
2005	75,494	2,095	27,749	34.6	12,811	4.7%
2004	71,741	1,878	26,172	34.6	12,196	4.4%
2003	69,204	1,736	25,083	34.4	11,816	4.2%

Data Sources

(1) Bureau of the Census

(2) Bureau of Economic Analysis

(3) Federal Reserve Economic Data

(4) State Department of Education

N/A - Information is not available from the Bureau of Economic Analysis

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

WALTON COUNTY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS OF WALTON COUNTY, GEORGIA Current Year and Nine Years Ago

Employer	2012			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Walton County Board of Education	1,876	1	5.10%	1,845	1	5.57%
Wal-Mart Supply Chain	900	2	2.45%	580	2	1.75%
Walton County Government	721	3	1.96%	560	3	1.69%
Walton Regional Medical Center	415	4	1.13%			
Wal-Mart Store - Loganville	400	5	1.09%			
Wal-Mart Store - Monroe	352	6	0.96%			
Hitachi Automotive Systems Americas, Inc.	325	7	0.88%			
Standridge Color Corporation	307	8	0.83%	310	4	0.94%
Leggett & Platt, Inc.	275	9	0.75%	300	5	0.91%
Social Circle City Schools	240	10	0.65%			
Crane Plumbing				260	6	0.79%
Avondale Manufacturing				250	7	0.76%
Oxford Slacks				230	8	0.69%
Goodyear Tire and Rubber				215	9	0.65%
Certain Teed Corporation				175	10	0.53%
Total	5,811		15.80%	4,725		14.28%

Source: State of Georgia Department of Commerce.

WALTON COUNTY SCHOOL DISTRICT

DISTRICT EMPLOYEES¹ LAST SEVEN FISCAL YEARS (as of October 31 of each fiscal year)

	2006	2007	2008	2009	2010	2011	2012
Classroom Teachers	813.60	844.60	884.70	883.20	885.20	865.10	847.02
Support Personnel	638.50	636.40	695.30	668.20	688.90	665.80	660.83
Administrators	56.50	59.50	67.50	59.00	58.00	57.50	58.00
Total	<u>1,508.60</u>	<u>1,540.50</u>	<u>1,647.50</u>	<u>1,610.40</u>	<u>1,632.10</u>	<u>1,588.40</u>	<u>1,565.85</u>

¹ Source: Georgia Department of Education - Full Time Equivalent (FTE's)

Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

OPERATING STATISTICS LAST SEVEN FISCAL YEARS

Fiscal Year	Total Governmental Activities Expenditures¹	Full Student Membership²	Cost per Pupil	Percentage Change	Teaching Staff (FTEs)³	Pupil/ Teacher Ratio
2006	\$ 103,963,299	11,797	\$ 8,813	-	813.60	14.50
2007	117,025,853	12,145	9,636	9.34%	844.60	14.38
2008	123,766,449	12,759	9,700	0.67%	884.70	14.42
2009	121,649,157	12,849	9,468	-2.40%	883.20	14.55
2010	124,283,001	13,025	9,542	0.78%	885.20	14.71
2011	123,666,376	13,208	9,363	-1.87%	865.10	15.27
2012	126,069,899	13,337	9,453	0.96%	847.02	15.75

¹ Per School District's Audited Financial Statements for Each Respective Year

² Source: Georgia Department of Education Student FTE October count (includes Pre-Kindergarten through 12th Grade)

³ Source: GA Department of Education; Full-Time Equivalent teaching slots

Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

AVERAGE SALARY SUMMARY OF CERTIFIED PERSONNEL LAST SEVEN FISCAL YEARS

Fiscal Year	Number of Full & Part Time Teachers ²						Minimum Salary (based on 4 yr cert/ 0 yrs exp) ¹	Maximum Salary (based on 7 yr cert/ 21 ⁺ yrs exp) ¹	Walton Co. Average Contract Annual Salary ²
	4 Yr Bachelors	5 Yr Masters	6 Yr Specialists	7 Yr Doctoral	Other	Total			
2006	351	355	107	16	55	884	\$ 36,945	\$ 77,839	\$ 46,717
2007	331	433	112	22	27	925	38,054	80,172	49,272
2008	306	460	139	26	25	956	38,920	81,997	51,489
2009	278	488	159	30	9	964	38,920	81,997	53,098
2010	239	468	189	32	6	934	38,920	91,997	53,884
2011	209	452	197	30	13	901	38,920	81,997	54,214
2012	196	472	239	50	7	964	38,920	81,997	57,860

¹ Source: School District records

² Source: GA Department of Education - Average Salary Summary for Certified Personnel
Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT
FREE & REDUCED PRICE LUNCH ELIGIBILITY¹
LAST SEVEN FISCAL YEARS
(as of October 31 of each fiscal year)

Fiscal Year	Number of Students Eligible for Free Meals	Number of Students Eligible for Reduced Price Meals	Total Number of Students Eligible for Free & Reduced Price Meals	Total Student Enrollment (FTE)	% of Students Eligible for Reduced Price Meals
2012	5,775	972	6,747	13,337	50.59%
2011	5,574	818	6,392	13,208	60.14
2010	5,380	1,031	6,411	13,025	63.85
2009	4,417	1,039	5,456	12,849	59.99
2008	3,935	1,016	4,951	12,759	67.73
2007	3,411	926	4,337	12,145	68.42
2006	3,779	850	4,629	11,797	70.11

¹ Source: GA Department of Education
Information is Not Available for Fiscal Years Prior to 2006

WALTON COUNTY SCHOOL DISTRICT

**SCHOOL DATA
LAST SEVEN FISCAL YEARS**

	ENROLLMENT						
	2006	2007	2008	2009	2010	2011	2012
ELEMENTARY SCHOOLS							
BAY CREEK ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 1970							
Size of Site (acres) - 23							
Square feet - 80,873							
Number of Classrooms - 45							
Capacity - 725							
Enrollment (1)	622	661	682	693	752	766	767
HARMONY ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 1975							
Size of Site (acres) - 13							
Square feet - 89,600							
Number of Classrooms - 48							
Capacity - 850							
Enrollment (1)	725	704	672	679	671	715	726
LOGANVILLE ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 1959							
Size of Site (acres) - 12.1							
Square feet - 45,700							
Number of Classrooms - 33							
Capacity - 660							
Enrollment (1)	529	563	634	630	649	627	
MONROE ELEMENTARY							603
Grade levels served - PreK - Gr5							
Occupied Year - 2007							
Size of Site (acres) - 34.6							
Square feet - 103,771							
Number of Classrooms - 59							
Capacity - 912							
Enrollment (1)	493	553	783	821	861	769	749
WALKER PARK ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 2008							
Size of Site (acres) - 44.60							
Square feet - 103,771							
Number of Classrooms - 59							
Capacity - 912							
Enrollment (1)	666	683	710	738	744	738	746
WALNUT GROVE ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 1995							
Size of Site (acres) - 33.90							
Square feet - 84,265							
Number of Classrooms - 48							
Capacity - 762							
Enrollment (1)	525	513	557	543	541	528	535

Continued

WALTON COUNTY SCHOOL DISTRICT

**SCHOOL DATA
LAST SEVEN FISCAL YEARS**

	ENROLLMENT						
	2006	2007	2008	2009	2010	2011	2012
ATHA ROAD ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 2001							
Size of Site (acres) - 32.74							
Square feet - 103,771							
Number of Classrooms - 59							
Capacity - 912							
Enrollment (1)	1,242	1,290	782	751	724	735	763
YOUTH ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 2002							
Size of Site (acres) - 25.89							
Square feet - 103,771							
Number of Classrooms - 59							
Capacity - 912							
Enrollment (1)	1,031	1,083	771	762	729	755	758
SHARON ELEMENTARY							
Grade levels served - PreK - Gr5							
Occupied Year - 2007							
Size of Site (acres) - 79.96							
Square feet - 103,771							
Number of Classrooms - 59							
Capacity - 912							
Enrollment (1)	-	-	766	781	750	811	792
<i>Continued</i>							
MIDDLE SCHOOLS							
CARVER MIDDLE							
Grade levels served - Gr6 - Gr8							
Occupied Year - 1992							
Size of Site (acres) - 40.00							
Square feet - 101,320							
Number of Classrooms - 50							
Capacity - 775							
Enrollment (1)	808	741	741	699	760	831	934
LOGANVILLE MIDDLE							
Grade levels served - Gr6 - Gr8							
Occupied Year - 1973							
Size of Site (acres) - 41.06							
Square feet - 61,210							
Number of Classrooms -							
Capacity							
Enrollment (1)							
Capacity							
Enrollment							
Number of Classrooms - 59							
Capacity - 849							
Enrollment (1)	917	973	1,177	1,102	1,092	1,094	1,134
YOUTH MIDDLE							
Grade levels served - Gr6 - Gr8							
Occupied Year - 2004							
Size of Site (acres) - 35.89							
Square feet - 141,720							
Number of Classrooms - 66							
Capacity -850							
Enrollment (1)	1,038	1,140	1,058	1,140	1,095	1,056	1,092
<i>Continued</i>							

WALTON COUNTY SCHOOL DISTRICT

**SCHOOL DATA
LAST SEVEN FISCAL YEARS**

	ENROLLMENT						
	2006	2007	2008	2009	2010	2011	2012
HIGH SCHOOLS							
LOGANVILLE HIGH							
Grade levels served - Gr9 - Gr 12							
Occupied Year - 1998							
Size of Site (acres) - 44.70							
Square feet - 152,169							
Number of Classrooms - 74							
Capacity - 1475							
Enrollment (1)	1,871	1,878	2,006	2,046	1,606	1,529	1,461
MONROE AREA HIGH							
Grade levels served - Gr9 - Gr 12							
Occupied Year - 2005							
Size of Site (acres) - 40.00							
Square feet - 227,657							
Number of Classrooms - 65							
Capacity - 1262							
Enrollment (1)	1,330	1,363	1,420	1,464	1,271	1,241	1,106
WALNUT GROVE HIGH							
Grade levels served - Gr9 - Gr 12							
Occupied Year - 2009							
Size of Site (acres) - 103.30							
Square feet - 226,727							
Number of Classrooms - 65							
Capacity							
Enrollment (1)							
Capacity - 1262							
Enrollment (1)	-	-	-	-	780	1,013	1,171
Total Enrollment	<u>11,797</u>	<u>12,145</u>	<u>12,759</u>	<u>12,849</u>	<u>13,025</u>	<u>13,208</u>	<u>13,337</u>

1 Source: Georgia Department of Education Student FTE October count (includes Pre-Kindergarten through 12th Grade)
Information is Not Available for Fiscal Years Prior to 2006

**WALTON COUNTY SCHOOL DISTRICT
SCHEDULE OF INSURANCE IN FORCE
June 30, 2012**

Type of Coverage	Name of Company	Policy Period		Liability Limits	Annual
		From	To		Premium
Paid by District					
Casualty and Crime Coverage	GA School Bd. Assoc.	7/1/2011	7/1/2012		\$203,104
General - Aggr.				\$2,000,000	
Schl Leaders Liability- Aggr.				\$1,000,000	
Law Enforcement Liability				\$1,000,000	
Automobile Liability				\$350,000	
Crime				\$100,000	
Property Coverage Agreement	GA School Bd. Assoc.	7/1/2011	7/1/2012		\$165,435
Property- per occurrence				\$500,000,000	
Auto Physical Damage				\$100,000	
Superintendent Life Insurance	West Coast Life Ins. Co.	1/23/2012	1/22/2013	\$350,000	\$1,675
	Minnesota Life	1/1/2012	12/31/2012	<u>\$182,594</u>	\$1,412
				\$532,594	
Superintendent Surety Bond	CNA Surety Company	4/1/2012	4/1/2013	\$100,000	\$350
Employee's Blanket Bond	Liberty Mutual	8/15/2011	8/15/2012	\$100,000	\$1,707
Worker's Compensation	Self Insured	7/1/2011	6/30/2012	<\$350,000	per event
	Safety National Casualty	7/1/2011	6/20/2012	\$1,000,000 per occurrence	\$33,939
Medical - Certified Employee	State Health Benefit Plan #74710	1/1/2012	12/31/2012	N/A	18.534% of all cert. employees base pay
Medical - Classified Employee	State Health Benefit Plan #74711	1/1/2012	12/31/2012	N/A	#1,777 per employee who is enrolled
Life Insurance/AD&D	Met Life	1/1/2012	12/31/2012	\$10,000	\$21.60 per employee

Continued

**WALTON COUNTY SCHOOL DISTRICT
SCHEDULE OF INSURANCE IN FORCE
June 30, 2012**

Type of Coverage	Name of Company	Policy Period		Liability Limits	Annual Premium
		From	To		
Voluntary Benefits					
Paid by Employee					
(administered by GA Breeze)					
Disability, Long Term (>180 days)	The Standard #642967-B	1/1/2012	12/31/2012	(B)	(A)
Disability, Short Term (<181 days)	The Standard #642967-A	1/1/2012	12/31/2012	(B)	(A)
Life Insurance- Employee	Minnesota Life #33352-G	1/1/2012	12/31/2012	1-9x Salary	(A)
AD&D Insurance- Employee	Minnesota Life #33352-G	1/1/2012	12/31/2012	1-9x Salary	(A)
Life Insurance - Spouse	Minnesota Life #33352-G	1/1/2012	12/31/2012	\$6K to \$250K	(A)
Life Insurance - Children	Minnesota Life #33352-G	1/1/2012	12/31/2012	\$3K to 20K	\$13.32 to \$27.60
Dental Insurance	Cigna #0599978-01B	1/1/2012	12/31/2012	DHMO	\$263.28 to \$705.00
Dental Insurance	United Concordia	1/1/2012	12/31/2012	PPO	\$317.88 to \$842.28
Dental Insurance	United Concordia	1/1/2012	12/31/2012	Regular	\$413.88 to \$1,205.28
Vision Select	Optum Health #2800	1/1/2012	12/31/2012	Regular	\$74.40 to \$220.68
Vision Select Plus	Optum Health #2800	1/1/2012	12/31/2012	Plus Plan	\$82.68 to \$247.92
Legal Select	Hyatt Legal	1/1/2012	12/31/2012	Regular	Single - \$78.84 Family- \$93.48
Legal Select Plus	Hyatt Legal	1/1/2012	12/31/2012	Plus Plan	Single - \$98.40 Family - \$126.00
Specified Illness - Employee	Continental American Ins.	1/1/2012	12/31/2012	(B)	(A)
Specified Illness - Spouse	Continental American Ins.	1/1/2012	12/31/2012	(B)	(A)

(A) Employee cost based on employee's age and rate per thousand

(B) Per benefit schedule

COMPLIANCE SECTION



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

**To the Superintendent and Members of
the Walton County Board of Education
Monroe, Georgia**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Walton County School District as of and for the year ended June 30, 2012, which collectively comprise the Walton County School District's basic financial statements and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Walton County School District in a separate letter dated December 13, 2012.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 13, 2012



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

**To the Superintendent and Members of
the Walton County Board of Education
Monroe, Georgia**

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Walton County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Walton County School District's compliance with those requirements.

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

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia
December 13, 2012

WALTON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity ID Number	Total Expenditures
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food and Nutrition Program			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 774,308
National School Lunch Program			
Cash Assistance	10.555	N/A	2,497,771
Non-cash Assistance (Commodities)	10.555	N/A	251,478
School Snack Program	10.555	N/A	48,512
Subtotal			2,797,761
Total Child Nutrition Cluster			3,572,069
Education, U.S. Department of			
Direct award:			
Funds for the Improvement of Education - SLC Grant	84.215	N/A	846,451
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Individuals with Disabilities Education Act (IDEA)			
Part B-Special Education			
Flow Through	84.027	N/A	2,421,043
High Cost Fund Pool	84.027	N/A	28,657
Subtotal			2,449,700
Preschool	84.173	N/A	46,675
ARRA - Flowthrough	84.391	N/A	27,229
Total Special Education Cluster			2,523,604

(Continued)

WALTON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity ID Number	Total Expenditures
Other Programs			
Pass-Through From Georgia Department of Education			
Elementary and Secondary Education Act			
Title I, Part A			
Improving Academic Achievement	84.010	N/A	\$ 2,750,965
Distinguished District Awards	84.010	N/A	189
School Improvement	84.010	N/A	22,461
Subtotal			<u>2,773,615</u>
ARRA - Grants	84.389	N/A	85,782
ARRA - School Improvement	84.389	N/A	4,221
Subtotal			<u>90,003</u>
Total Title I, Part A Cluster			<u>2,863,618</u>
Title II			
Improving Teacher Quality	84.367	N/A	436,988
Advance Placement Grant	84.367	N/A	2,033
Subtotal			<u>439,021</u>
Education Jobs Fund	84.410	N/A	<u>31,380</u>
Title III Limited English Proficient	84.365	N/A	<u>20,116</u>
Title IV, Part A			
Safe and Drug Free Schools and Communities	84.186	N/A	<u>1,743</u>
Title IV, Part B			
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth	84.196	N/A	<u>57,768</u>
21st Century Community Learning Centers	84.287	N/A	<u>1,831,398</u>
Vocational Education Basic Grants to States			
Education Career Partnerships	84.048	N/A	1,160
Program Improvement	84.048	N/A	87,706
Subtotal			<u>88,866</u>
(Continued)			
U.S. Department of Health and Human Services			
Pass-Through From Georgia Department of Community Health			
Medical Assistance Program	93.778	N/A	<u>\$ 173,478</u>

WALTON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity ID Number	Total Expenditures
Defense, U.S. Department of R.O.T.C. Program	Unknown	N/A	\$ 62,203
Total of Federal Awards Expenditures			<u>\$ 12,511,715</u>

Notes to the Schedule of Expenditures of Federal Awards

N/A - No Pass-Through Entity ID Number available.

assistance for donated commodities received and/or consumed by the School District during the current fiscal year.

2.) The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Walton County School District and is presented on the modified accrual basis of accounting.

3.) The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

WALTON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X none reported

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

Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Section 510(a)
of OMB Circular?

___ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.367	Title II, Part A
84.215	Funds for the Improvement of Education SLC

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

\$375,351

Auditee qualified as low-risk auditee?

X yes ___ no

WALTON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported