



EVANS COUNTY BOARD OF EDUCATION CLAXTON, GEORGIA

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



EVANS COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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

March 4, 2014

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Evans County Board of Education, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through viii and page 23 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, on our consideration of the Evans County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evans County Board of Education's internal control over financial reporting and compliance.

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

Respectfully,



Greg S. Griffin
State Auditor

GSG:as
2013ARL-11

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2013 are as follows:

- (1) On the District-wide financial statements, the assets of the School District exceeded liabilities by \$31,424,364.25. Of this amount, \$3,867,518.00 is unrestricted and is available for spending at the School District's discretion.
- (2) The School District had \$16,797,121.25 in expenses relating to governmental activities; only \$12,623,967.46 of these expenses are offset by program specific charges for services and grants and contributions. General revenues (primarily property and sales taxes) of \$5,859,192.55 were adequate to provide for these programs.
- (3) As stated above, general revenues accounted for \$5,859,192.55, or 31.7%, of all revenues totaling \$18,483,160.01. Program specific revenues in the form of charges for services and grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of several parts including management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the District-wide and the Fund Financial Statements.

The District-wide financial statements include the Statement of Net Position and the 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 the 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 statement provides information about the financial relationships in which the School District acts solely as an agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Evans County Board of Education, the General Fund and District-wide Capital Projects funds are the most significant funds.

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

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

DISTRICT-WIDE STATEMENTS

The District-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the District-wide financial statements, a reader might ask the question about whether the School District is in a better financial position than last year? The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all of the 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 position and any changes in those assets. The change in net position 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 the property tax base, facility conditions, required educational programs and other factors.

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

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 basis 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 Position and the Statement of Activities) and governmental funds are reconciled within the financial statements.

Fiduciary Funds

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1, Statement of Net Position, provides the perspective of the School District as a whole. Table 2 shows the Change in Net Position for the year.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2013	Fiscal Year 2012	Net Change
ASSETS			
Cash and Cash Equivalents	\$ 4,301,140.31	\$ 4,467,932.38	\$ -166,792.07
Accounts Receivable, Net			
Taxes	429,436.63	354,470.03	74,966.60
State Government	1,298,738.93	1,119,922.96	178,815.97
Federal Government	435,152.09	586,080.05	-150,927.96
Local	53,631.47	16,751.70	36,879.77
Inventories	58,835.22	52,086.32	6,748.90
Capital Assets, Non-Depreciable	642,336.60	10,544,050.31	-9,901,713.71
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>26,183,203.17</u>	<u>15,817,578.43</u>	<u>10,365,624.74</u>
Total Assets	<u>\$ 33,402,474.42</u>	<u>\$ 32,958,872.18</u>	<u>\$ 443,602.24</u>
LIABILITIES			
Accounts Payable	\$ 160,960.46	\$ 181,795.21	\$ -20,834.75
Salaries and Benefits Payable	1,813,855.81	1,798,289.13	15,566.68
Contracts Payable		685,070.57	-685,070.57
Retainages Payable		506,610.70	-506,610.70
Long-Term Liabilities			
Due Within One Year		48,781.08	-48,781.08
Due in More Than One Year	<u>3,293.90</u>		<u>3,293.90</u>
Total Liabilities	<u>\$ 1,978,110.17</u>	<u>\$ 3,220,546.69</u>	<u>\$ -1,242,436.52</u>
NET POSITION			
Net Investment in Capital Assets	\$ 26,825,539.77	\$ 26,312,847.66	\$ 512,692.11
Restricted for			
Continuation of Federal Programs	424,047.18	430,749.60	-6,702.42
Continuation of State Programs		14,000.00	-14,000.00
Capital Projects	307,259.30	54,764.63	252,494.67
Unrestricted	<u>3,867,518.00</u>	<u>2,925,963.60</u>	<u>941,554.40</u>
Total Net Position	<u>\$ 31,424,364.25</u>	<u>\$ 29,738,325.49</u>	<u>\$ 1,686,038.76</u>
Total Liabilities and Net Position	<u>\$ 33,402,474.42</u>	<u>\$ 32,958,872.18</u>	<u>\$ 443,602.24</u>

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

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2013	Fiscal Year 2012	Net Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$ 298,338.09	\$ 287,779.27	\$ 10,558.82
Operating Grants and Contributions	12,154,860.00	11,865,254.00	289,606.00
Capital Grants and Contributions	170,769.37	3,985,345.13	-3,814,575.76
Total Program Revenues	\$ 12,623,967.46	\$ 16,138,378.40	\$ -3,514,410.94
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	\$ 3,175,176.22	\$ 3,072,333.18	\$ 102,843.04
Railroad Cars	7,456.36	6,868.34	588.02
Other Taxes		19,725.58	-19,725.58
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Capital Projects	1,286,526.63	1,416,128.67	-129,602.04
Other Sales Taxes	4,195.37	4,889.99	-694.62
Grants and Contributions not			
Restricted to Specific Programs	880,547.00	737,126.00	143,421.00
Investment Earnings	5,811.43	16,836.90	-11,025.47
Miscellaneous	499,479.54	623,136.25	-123,656.71
Total General Revenues	\$ 5,859,192.55	\$ 5,897,044.91	\$ -37,852.36
Total Revenues	\$ 18,483,160.01	\$ 22,035,423.31	\$ -3,552,263.30
Program Expenses:			
Instruction	\$ 10,173,340.49	\$ 11,464,109.07	\$ -1,290,768.58
Support Services			
Pupil Services	513,594.23	574,805.42	-61,211.19
Improvement of Instructional Services	573,679.18	540,545.97	33,133.21
Educational Media Services	280,645.24	342,659.93	-62,014.69
General Administration	509,277.75	315,868.87	193,408.88
School Administration	1,006,820.19	946,630.44	60,189.75
Business Administration	147,416.61	140,769.99	6,646.62
Maintenance and Operation of Plant	1,054,582.64	1,057,597.46	-3,014.82
Student Transportation Services	620,850.51	809,949.27	-189,098.76
Central Support Services	351.03	1,220.46	-869.43
Other Support Services	147,985.46	183,517.85	-35,532.39
Operations of Non-Instructional Services			
Enterprise Operations	162,194.95	126,798.76	35,396.19
Community Services	164,382.79	157,875.76	6,507.03
Food Services	1,442,000.18	1,580,630.76	-138,630.58
Total Expenses	\$ 16,797,121.25	\$ 18,242,980.01	\$ -1,445,858.76
Increase in Net Position	\$ 1,686,038.76	\$ 3,792,443.30	\$ -2,106,404.54

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

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. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
	<u>Fiscal</u>	<u>Fiscal</u>
	<u>Year 2013</u>	<u>Year 2013</u>
Instruction	\$ 10,173,340.49	\$ 1,769,839.36
Support Services:		
Pupil Services	513,594.23	273,725.10
Improvement of Instructional Services	573,679.18	181,048.57
Educational Media Services	280,645.24	41,327.91
General Administration	509,277.75	78,271.19
School Administration	1,006,820.19	605,710.62
Business Administration	147,416.61	146,900.84
Maintenance and Operation of Plant	1,054,582.64	646,958.41
Student Transportation Services	620,850.51	72,937.45
Central Support Services	351.03	54.02
Other Support Services	147,985.46	108,320.78
Operations of Non-Instructional Services:		
Enterprise Operations	162,194.95	93,408.97
Community Services	164,382.79	94,668.96
Food Services	1,442,000.18	59,981.61
	<u>16,797,121.25</u>	<u>4,173,153.79</u>
Total Expenses	\$ <u>16,797,121.25</u>	\$ <u>4,173,153.79</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 of \$18,286,501.25 and total expenditures of \$17,306,519.46. The excess of revenues over expenditures was due to a shortfall in employer-funded health insurance costs. This shortfall was created by the state's change from health insurance costs being based on a percentage of all certified salaries to health insurance costs being based on a fee based on employee participation in health insurance.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the General Fund, which includes local, state and Federal funds collected and disbursed for the purpose of operating the school system.

The School District's budget is based on its overall mission and incorporates site-based budgeting into the budget process to control total site budgets but provide flexibility for site management.

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

For the General Fund, the actual revenues of \$16,995,926.83 exceeded the final budgeted amount of \$13,608,313.59 by \$3,387,613.24. This difference between actual revenues and final budget revenues was due to several reasons. Property tax collections were higher than budgeted, and Title Ad Valorem tax revenues beginning in March had not been projected in General Fund revenue budget figures. State funds were much better than budgeted due to increases in the QBE funding formula and due to School District's decision to not budget for state Prekindergarten funds. Actual Federal Funds and Charges for Services were much higher than actual because the School District does not budget for any special revenue funds except for the School Food Service fund nor does it budget for School Activity Accounts.

The actual expenditures of \$16,588,070.34 exceeded the final budgeted amount of \$14,280,148.46 by \$2,307,921.88. This difference was created because the School District does not budget for any school activity accounts nor any special revenue funds except for the School Food Service fund.

General Fund revenues exceeded expenditures by \$407,856.49.

COMPENSATED ABSENCES

During fiscal year 2013, the Evans County Board of Education adopted a compensated absences policy to compensate employees under the Public School Employees' Retirement System (PSERS) for unused sick leave. Specifically, at the end of each fiscal year, any employee earning retirement under PSERS will receive \$10.00 per day for any sick leave earned after the accumulation of 45 days of unused sick leave that was not taken as of June 30. Also, upon the retirement from Evans County Board of Education of any employee earning retirement under PSERS, the employee will receive \$10.00 for any sick leave day earned but not used up to 45 days. At June 30, 2013, the compensated absences liability was \$3,293.90.

CAPITAL ASSETS

At fiscal year ended June 30, 2013, the School District had \$26,825,539.77 invested in capital assets in the governmental funds. Table 4 reflects a summary of these balances net of accumulated depreciation. The School District completed the building of the new Claxton Middle School at the beginning of fiscal year 2013. This new school was built without borrowing any funds from banks and without issuing any general obligations bonds. The School District relied solely on Special Purpose Local Option Sales Tax receipts accumulated over several years along with Georgia State Financing and Investment Commission state funding to build Claxton Middle School. The School District's capital assets, net of accumulated depreciation, totaling \$26,825,539.77 are comprised of buildings and building improvements (93%), land and land improvements (4%), and equipment (3%). The School District issued general obligation bonds in the subsequent period to begin the construction of a new system-wide athletic complex. These general obligation bonds will be repaid through the Special Purpose Local Option Sales Tax receipts that will continue until March 2019.

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

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		
	Fiscal Year 2013	Fiscal Year 2012	Net Change
Land	\$ 642,336.60	\$ 642,336.60	\$ 0.00
Construction In Progress	0.00	9,901,713.71	-9,901,713.71
Buildings and Building Improvements	24,920,026.09	14,437,976.19	10,482,049.90
Equipment	873,897.65	960,700.30	-86,802.65
Land Improvements	389,279.43	418,901.94	-29,622.51
Total	\$ 26,825,539.77	\$ 26,361,628.74	\$ 463,911.03

CURRENT ISSUES

The following statements should help to explain the current financial position of the Evans County School System and the effects the economic recession have had on it. Not unlike most school systems in the State of Georgia, the Evans County School System has been negatively impacted by the effects of the economic recession. Beginning back in fiscal year 2003, the state authorized austerity cuts (or amended formula adjustments) which negatively impacted the QBE funding formula funds that help to fund the education of our students. This negative impact has totaled approximately \$8.0 million in 11 years. The state government did try to help this negative situation with stabilization funds totaling \$1,163,975.00 during this time. Our School District has seen the shift of taxpayer burden shift from the state taxpayer level to the local taxpayer level because the state continues to underfund education. In addition, the health insurance costs have been gradually rising over the past few years and have negatively impacted our financial position. As a result, the School District has had to increase local taxpayer support with an increase of 2 mills of local tax revenue in the past 11 years. During this 11-year period, the School District has transitioned from annual state-mandated and state-funded raises to the last four years of furlough days for all staff. Despite the state's continued underfunding of the QBE funding formula, the Evans County School System has maintained 4 furlough days across the board for all staff each year while reductions in staff mostly through attrition. A combination of furlough days, reductions in staff mostly through attrition, increased millage rate and better use of SPLOST funds to fund textbooks and school buses have allowed the General Fund fund balance to accumulate beyond the maximum amount allowed by the State of Georgia, which is 15% of the past fiscal year's operating budget. This accumulation of General Fund fund balance should allow the School District to maintain current staff while providing the critical services to students to ensure academic success. It will also allow the school system's healthy fund balance to absorb increasing health insurance costs that have been occurring for the past few years. This healthy fund balance should provide us with a cushion so that we do not have to consider additional staff cuts, additional furlough days, and greater shifts of burden to the local taxpayer.

The School District will continue to look for ways to align resources and costs in a way to ensure the best opportunity for student success.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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, please contact Mrs. Alison A. Boatright, CPA, Financial Director for the Evans County Board of Education, 613 West Main Street, Claxton, GA 30417. You may also email your questions to Mrs. Boatright at aboatright@evans.k12.ga.us.

EVANS COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 4,301,140.31
Accounts Receivable, Net	
Taxes	429,436.63
State Government	1,298,738.93
Federal Government	435,152.09
Local	53,631.47
Inventories	58,835.22
Capital Assets, Non-Depreciable	642,336.60
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>26,183,203.17</u>
Total Assets	<u>\$ 33,402,474.42</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 160,960.46
Salaries and Benefits Payable	1,813,855.81
Long-Term Liabilities	
Due In More Than One Year	<u>3,293.90</u>
Total Liabilities	<u>\$ 1,978,110.17</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 26,825,539.77
Restricted for	
Continuation of Federal Programs	424,047.18
Capital Projects	307,259.30
Unrestricted	<u>3,867,518.00</u>
Total Net Position	<u>\$ 31,424,364.25</u>

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

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

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 10,173,340.49	\$ 873.63
Support Services		
Pupil Services	513,594.23	
Improvement of Instructional Services	573,679.18	
Educational Media Services	280,645.24	
General Administration	509,277.75	
School Administration	1,006,820.19	
Business Administration	147,416.61	
Maintenance and Operation of Plant	1,054,582.64	
Student Transportation Services	620,850.51	
Central Support Services	351.03	
Other Support Services	147,985.46	
Operations of Non-Instructional Services		
Enterprise Operations	162,194.95	68,785.98
Community Services	164,382.79	69,713.83
Food Services	1,442,000.18	158,964.65
Total Governmental Activities	\$ 16,797,121.25	\$ 298,338.09
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 8,283,374.22	\$ 119,253.28	\$ -1,769,839.36
239,869.13		-273,725.10
392,630.61		-181,048.57
235,233.58	4,083.75	-41,327.91
431,006.56		-78,271.19
397,429.03	3,680.54	-605,710.62
515.77		-146,900.84
405,948.07	1,676.16	-646,958.41
547,913.06		-72,937.45
297.01		-54.02
38,894.34	770.34	-108,320.78
		-93,408.97
		-94,668.96
<u>1,181,748.62</u>	<u>41,305.30</u>	<u>-59,981.61</u>
\$ <u>12,154,860.00</u>	\$ <u>170,769.37</u>	\$ <u>-4,173,153.79</u>

\$ 3,175,176.22
7,456.36

1,286,526.63
4,195.37
880,547.00
5,811.43
499,479.54

\$ 5,859,192.55

\$ 1,686,038.76

29,738,325.49

\$ 31,424,364.25

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

EXHIBIT "C"

	<u>GENERAL FUND</u>	<u>DISTRICT- WIDE CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,267,148.51	\$ 33,991.80	\$ 4,301,140.31
Accounts Receivable, Net			
Taxes	326,938.50	102,498.13	429,436.63
State Government	1,127,969.56	170,769.37	1,298,738.93
Federal Government	435,152.09		435,152.09
Local	53,631.47		53,631.47
Inventories	<u>58,835.22</u>		<u>58,835.22</u>
Total Assets	<u>\$ 6,269,675.35</u>	<u>\$ 307,259.30</u>	<u>\$ 6,576,934.65</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 160,960.46		\$ 160,960.46
Salaries and Benefits Payable	1,813,855.81		1,813,855.81
Deposits and Deferred Revenue	<u>165,080.05</u>	<u>\$ 170,769.37</u>	<u>335,849.42</u>
Total Liabilities	<u>\$ 2,139,896.32</u>	<u>\$ 170,769.37</u>	<u>\$ 2,310,665.69</u>
 <u>FUND BALANCES</u>			
Nonspendable	\$ 58,835.22		\$ 58,835.22
Restricted	365,211.96	\$ 136,489.93	501,701.89
Committed	136,344.08		136,344.08
Assigned	1,721,457.94		1,721,457.94
Unassigned	<u>1,847,929.83</u>		<u>1,847,929.83</u>
Total Fund Balances	<u>\$ 4,129,779.03</u>	<u>\$ 136,489.93</u>	<u>\$ 4,266,268.96</u>
Total Liabilities and Fund Balances	<u>\$ 6,269,675.35</u>	<u>\$ 307,259.30</u>	<u>\$ 6,576,934.65</u>

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 4,266,268.96

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

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

Land	\$	642,336.60	
Land Improvements		1,722,818.52	
Buildings		28,842,202.76	
Equipment		2,540,867.05	
Accumulated Depreciation		<u>-6,922,685.16</u>	
Total Capital Assets			26,825,539.77

Property taxes that are not available to pay for current period expenditures are deferred in the governmental funds. 165,080.05

Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds. 170,769.37

Long-Term Liabilities, including Compensated Absences Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. -3,293.90

Net Position of Governmental Activities (Exhibit "A") \$ 31,424,364.25

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

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

EXHIBIT "E"

	<u>GENERAL FUND</u>	<u>DISTRICT- WIDE CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Property Taxes	\$ 3,156,743.19		\$ 3,156,743.19
Sales Taxes	4,195.37	\$ 1,286,526.63	1,290,722.00
State Funds	9,745,768.38		9,745,768.38
Federal Funds	3,289,638.62		3,289,638.62
Charges for Services	298,338.09		298,338.09
Investment Earnings	1,763.64	4,047.79	5,811.43
Miscellaneous	499,479.54		499,479.54
	<u>16,995,926.83</u>	<u>1,290,574.42</u>	<u>18,286,501.25</u>
Total Revenues	\$	\$	\$
<u>EXPENDITURES</u>			
Current			
Instruction	\$ 9,991,464.70	\$ 125,430.38	\$ 10,116,895.08
Support Services			
Pupil Services	513,594.23		513,594.23
Improvement of Instructional Services	573,679.18		573,679.18
Educational Media Services	278,014.14		278,014.14
General Administration	509,277.75		509,277.75
School Administration	1,004,448.87		1,004,448.87
Business Administration	147,416.61		147,416.61
Maintenance and Operation of Plant	1,065,432.71		1,065,432.71
Student Transportation Services	647,821.34	50,946.96	698,768.30
Central Support Services	351.03		351.03
Other Support Services	147,489.14		147,489.14
Enterprise Operations	162,194.95		162,194.95
Community Services	164,382.79		164,382.79
Food Services Operation	1,382,502.90	48,354.42	1,430,857.32
Capital Outlay		493,717.36	493,717.36
	<u>16,588,070.34</u>	<u>718,449.12</u>	<u>17,306,519.46</u>
Total Expenditures	\$	\$	\$
Excess of Revenues over (under) Expenditures	\$ 407,856.49	\$ 572,125.30	\$ 979,981.79
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 490,400.00		\$ 490,400.00
Transfers Out		\$ -490,400.00	-490,400.00
	<u>490,400.00</u>	<u>-490,400.00</u>	<u>0.00</u>
Total Other Financing Sources (Uses)	\$	\$	\$
Net Change in Fund Balances	\$ 898,256.49	\$ 81,725.30	\$ 979,981.79
Fund Balances - Beginning	<u>3,231,522.54</u>	<u>54,764.63</u>	<u>3,286,287.17</u>
Fund Balances - Ending	<u>\$ 4,129,779.03</u>	<u>\$ 136,489.93</u>	<u>\$ 4,266,268.96</u>

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

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

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ 979,981.79

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

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

Capital Outlay	\$ 1,007,833.97	
Depreciation Expense	<u>-543,922.94</u>	
Excess of Capital Outlay over Depreciation Expense		463,911.03

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 25,889.39

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

Capital Lease Payments	48,781.08
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Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds. 170,769.37

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

Increase in Compensated Absences	<u>-3,293.90</u>
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Change in Net Position of Governmental Activities (Exhibit "B") \$ 1,686,038.76

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

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

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>21,889.71</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>21,889.71</u>

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

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

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

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 Evans County Board of Commissioners adopted the property tax levy for the 2012 tax digest year (calendar year) on August 14, 2012 (levy date) based on property values as of January 1, 2012. Taxes were due on December 20, 2012 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2012 tax digest are reported as revenue in the governmental funds for fiscal year 2013. The Evans County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2013, for maintenance and operations amounted to \$3,092,318.55.

The tax millage rate levied for the 2012 tax year (calendar year) for the Evans County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>13.00</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$56,968.28 during fiscal year ended June 30, 2013.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$1,286,526.63 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

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

EXHIBIT "H"

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000.00	20 to 80 years
Buildings	\$ 10,000.00	10 to 80 years
Buildings, Additions and Improvements	\$ 10,000.00	up to 80 years
Equipment	\$ 5,000.00	3 to 20 years
Computer Applications	\$ 5,000.00	6 years
		Determined on an individual basis based on the service capacity
Intangible Assets	\$ 100,000.00	of the asset

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

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

COMPENSATED ABSENCES

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

An employee earning retirement under the Teachers' Retirement System (TRS) may use unused sick leave toward retirement, but bus drivers, cafeteria staff, and maintenance staff that are under the Public School Employees' Retirement System (PSERS) may not. Beginning with the fiscal year 2013 school year, after accumulation of 45 days of unused sick leave, at the end of each year that employee will receive \$10 per day of any leave earned that year but not taken. Upon his or her retirement from the Evans County School District, he or she will receive the same daily rate for leave days not used up to 45 days.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2011	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2012	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2013	\$ 0.00	\$ 3,293.90	\$ 0.00	\$ 3,293.90

NET POSITION

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

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

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

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

FUND BALANCES

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

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

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

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

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

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

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

EXHIBIT "H"

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

Nonspendable					
Inventories			\$	58,835.22	
Restricted					
Continuation of Federal Programs	\$	365,211.96			
Capital Projects		<u>136,489.93</u>		501,701.89	
Committed					
School Activity Accounts				136,344.08	
Assigned					
Subsequent Period Expenditures	\$	924,700.68			
Clearwire Wireless Funds		791,000.00			
Daycare Program		4,090.22			
Teacher Incentive Program		<u>1,667.04</u>		1,721,457.94	
Unassigned				<u>1,847,929.83</u>	
Fund Balance, June 30, 2013			\$	<u><u>4,266,268.96</u></u>	

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year end of not less than 13% of the subsequent fiscal year's budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year net of any committed reserve balance for capital expenditures and assigned fund balances "to cover unanticipated deficiencies in revenue or unanticipated expenditures", in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned, assigned, and committed fund balances (net of previous allowances) at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance. Unbudgeted school activity funds shall be excluded from the calculation.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

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

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget

is then submitted, in accordance with provisions of Official Code of Georgia Annotated section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. At June 30, 2013, \$288,916.18 of deposits were not secured by surety bond, insurance or collateral as specified above. The School District is working with the affected financial institutions to ensure appropriate levels of collateral are maintained for all of the School District's deposits.

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2013, the bank balances were \$5,889,533.71. The amounts exposed to custodial credit risk are classified into three categories as follows:

- Category 1 - Uncollateralized,
- Category 2 - Cash collateralized with securities held by the pledging financial institution,
or
- Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

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

EXHIBIT "H"

The School District's deposits by custodial risk category at June 30, 2013, are as follows:

Custodial Credit Risk Category	Bank Balance
1	\$ 288,916.18
2	0.00
3	0.00
Total	\$ 288,916.18

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 642,336.60	\$ 0.00		\$ 642,336.60
Construction Work In Progress	9,901,713.71		\$ 9,901,713.71	0.00
Total Capital Assets, Not Being Depreciated	\$ 10,544,050.31	\$ 0.00	\$ 9,901,713.71	\$ 642,336.60
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 18,050,018.35	\$ 10,792,184.41		\$ 28,842,202.76
Equipment	2,441,638.03	111,363.27	\$ 12,134.25	2,540,867.05
Land Improvements	1,716,818.52	6,000.00		1,722,818.52
Less: Accumulated Depreciation:				
Buildings and Improvements	3,612,042.16	310,134.51		3,922,176.67
Equipment	1,480,937.73	198,165.92	12,134.25	1,666,969.40
Land Improvements	1,297,916.58	35,622.51		1,333,539.09
Total Capital Assets, Being Depreciated, Net	\$ 15,817,578.43	\$ 10,365,624.74	\$ 0.00	\$ 26,183,203.17
Governmental Activity Capital Assets - Net	\$ 26,361,628.74	\$ 10,365,624.74	\$ 9,901,713.71	\$ 26,825,539.77

Current year depreciation expense by function is as follows:

Instruction		\$ 279,047.17
Support Services		
Educational Media Services	\$ 13,007.27	
School Administration	11,723.01	
Maintenance and Operation of Plant	5,338.80	
Student Transportation Services	100,790.21	
Other Support Services	2,453.65	133,312.94
Food Services		131,562.83
		\$ 543,922.94

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

EXHIBIT "H"

NOTE 7: INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfers From</u> <u>District-wide</u> <u>Capital</u> <u>Projects</u>
General Fund	\$ 490,400.00

(1) Transfers of \$295,600.00 were used to move funds borrowed from the General Fund by the District-wide Capital Projects Fund for capital construction projects, and (2) Transfers of \$786,000.00 were used to repay the General Fund from the District-wide Capital Projects Fund for funds borrowed in fiscal year 2012 for capital construction projects..

NOTE 8: RISK MANAGEMENT

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

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

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

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

	<u>Beginning of Year</u> <u>Liability</u>	<u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Paid</u>	<u>End of Year</u> <u>Liability</u>
2012	\$ 4,950.00	\$ 0.00	\$ 4,950.00	\$ 0.00
2013	\$ 0.00	\$ 14,440.00	\$ 7,471.00	\$ 6,969.00

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

EXHIBIT "H"

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000.00
All Employees	\$ 100,000.00 (each loss)

NOTE 9: LONG-TERM DEBT

CAPITAL LEASES

The Evans County Board of Education entered into a lease agreement for school buses. 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.

COMPENSATED ABSENCES

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

As stated in Note 2, in fiscal year 2013, the School District began a compensated absences plan for staff under the Public School Employees' Retirement System and began recording the accumulated compensated absences liability at June 30 in the District-wide financial statements.

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

	<u>Governmental Funds</u>				
	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Capital Leases	\$ 48,781.08		\$ 48,781.08	\$ 0.00	
Compensated Absences (1)	0.00	\$ 3,293.90		3,293.90	\$ 0.00
	\$ 48,781.08	\$ 3,293.90	\$ 48,781.08	\$ 3,293.90	\$ 0.00

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

Voters have authorized \$3,000,000.00 in general obligation debt for financing SPLOST-funded capital outlay projects which was not issued as of June 30, 2013.

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$1,064,347.72 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
 Paid to the Georgia Department of Community Health
 For Health Insurance of Certificated Personnel
 In the amount of \$1,021,044.00

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of \$10,995.72

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of \$32,308.00

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: SUBSEQUENT EVENTS

In the subsequent fiscal year, the School District issued general obligation bonds in the amount of \$3,000,000. The proceeds from these bonds will be used to fund a SPLOST-funded athletic complex.

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2013, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2013, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2013, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is

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

EXHIBIT "H"

available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

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

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

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

For non-certificated school personnel:

July 2012 - June 2013	\$446.20 per member per month
-----------------------	-------------------------------

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2013	100%	\$ 1,799,483.00
2012	100%	\$ 1,851,170.56
2011	100%	\$ 1,397,498.98

NOTE 14: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2013, were 6.00% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010, actuarial valuation. The employer contribution rate will increase to 12.28% effective July 1, 2013.

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

Fiscal Year	Percentage Contributed	Required Contribution
2013	100%	\$ 1,011,809.91
2012	100%	\$ 910,802.39
2011	100%	\$ 944,088.08

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 2,994,284.82	\$ 2,994,284.82	\$ 3,156,743.19	\$ 162,458.37
Sales Taxes	10,000.00	10,000.00	4,195.37	-5,804.63
State Funds	9,024,478.77	9,024,478.77	9,745,768.38	721,289.61
Federal Funds	1,156,600.00	1,156,600.00	3,289,638.62	2,133,038.62
Charges for Services	208,000.00	208,000.00	298,338.09	90,338.09
Investment Earnings	1,800.00	1,800.00	1,763.64	-36.36
Miscellaneous	213,150.00	213,150.00	499,479.54	286,329.54
Total Revenues	\$ 13,608,313.59	\$ 13,608,313.59	\$ 16,995,926.83	\$ 3,387,613.24
EXPENDITURES				
Current				
Instruction	\$ 8,881,756.49	\$ 8,881,756.49	\$ 9,991,464.70	\$ -1,109,708.21
Support Services				
Pupil Services	358,328.07	358,328.07	513,594.23	-155,266.16
Improvement of Instructional Services	171,083.25	171,083.25	573,679.18	-402,595.93
Educational Media Services	283,940.15	283,940.15	278,014.14	5,926.01
General Administration	312,487.82	312,487.82	509,277.75	-196,789.93
School Administration	997,066.37	997,066.37	1,004,448.87	-7,382.50
Business Administration	152,534.31	152,534.31	147,416.61	5,117.70
Maintenance and Operation of Plant	1,137,740.80	1,137,740.80	1,065,432.71	72,308.09
Student Transportation Services	590,786.12	590,786.12	647,821.34	-57,035.22
Central Support Services			351.03	-351.03
Other Support Services	23,285.08	23,285.08	147,489.14	-124,204.06
Enterprise Operations			162,194.95	-162,194.95
Community Services			164,382.79	-164,382.79
Food Services Operation	1,371,140.00	1,371,140.00	1,382,502.90	-11,362.90
Total Expenditures	\$ 14,280,148.46	\$ 14,280,148.46	\$ 16,588,070.34	\$ -2,307,921.88
Excess of Revenues over (under) Expenditures	\$ -671,834.87	\$ -671,834.87	\$ 407,856.49	\$ 1,079,691.36
OTHER FINANCING SOURCES				
Operating Transfers From Other Funds			490,400.00	490,400.00
Net Change in Fund Balances	\$ -671,834.87	\$ -671,834.87	\$ 898,256.49	\$ 1,570,091.36
Fund Balances - Beginning	3,922,130.18	3,922,130.18	3,231,522.54	-690,607.64
Adjustments	22,155.86	102,237.26		-102,237.26
Fund Balances - Ending	\$ 3,272,451.17	\$ 3,352,532.57	\$ 4,129,779.03	\$ 777,246.46

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$307,218.30 and \$326,637.74, respectively.

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

See notes to the basic financial statements.

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	(2)
National School Lunch Program	10.555	N/A	\$ <u>1,347,927.42</u> (1)
Total Child Nutrition Cluster			\$ <u>1,347,927.42</u>
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	\$ 453,966.25
Preschool Grants	84.173	N/A	<u>23,613.00</u>
Total Special Education Cluster			\$ <u>477,579.25</u>
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
Title I Grants to Local Educational Agencies	* 84.010	N/A	\$ <u>1,019,257.52</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 32,790.00
Education Jobs Fund	84.410	N/A	709.00
English Language Acquisition Grants	84.365	N/A	25,637.00
Improving Teacher Quality State Grants	84.367	N/A	134,118.36
Migrant Education - State Grant Program	84.011	N/A	63,151.53
Rural Education	84.358	N/A	32,155.96
Twenty-First Century Community Learning Centers	84.287	N/A	<u>317,171.28</u>
Total Other Programs			\$ <u>605,733.13</u>
Total U. S. Department of Education			\$ <u>2,102,569.90</u>
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
Child Care and Development Block Grant	93.575	N/A	\$ <u>3,500.00</u>
Defense, U.S. Department of			
Pass Through from Office of the State Treasurer			
Net Proceeds from Sale of Forest Products on Federal Land	12.OFA		<u>(3)</u>
Total Expenditures of Federal Awards			\$ <u><u>3,453,997.32</u></u>

N/A = Not Available

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

SCHEDULE "2"

Notes to the Schedule of Expenditures of Federal Awards

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$128,000.81.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$293,944.84) were not maintained separately and are included in the 2013 National School Lunch Program.
- (3) Funds earned on this program, in the amount of \$8,346.73, do not require reporting of expenditures.

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

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

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

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

SCHEDULE "3"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE GENERAL FUND</u>
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 560,568.63
Education, Georgia Department of	
Quality Basic Education (1)	
Direct Instructional Cost	
Kindergarten Program	765,448.00
Kindergarten Program - Early Intervention Program	159,360.00
Primary Grades (1-3) Program	1,570,734.00
Primary Grades - Early Intervention (1-3) Program	175,218.00
Upper Elementary Grades (4-5) Program	742,352.00
Upper Elementary Grades - Early Intervention (4-5) Program	59,591.00
Middle School (6-8) Program	892,336.00
High School General Education (9-12) Program	707,699.00
Vocational Laboratory (9-12) Program	390,074.00
Students with Disabilities	1,064,774.00
Gifted Student - Category VI	479,272.00
Remedial Education Program	99,866.00
Alternative Education Program	76,798.00
English Speakers of Other Languages (ESOL)	369,650.00
Media Center Program	210,432.00
20 Days Additional Instruction	60,657.00
Staff and Professional Development	38,434.00
Indirect Cost	
Central Administration	415,415.00
School Administration	435,571.00
Facility Maintenance and Operations	462,994.00
Amended Formula Adjustment	-1,354,263.00
Categorical Grants	
Pupil Transportation	
Regular	259,752.00
Nursing Services	45,000.00
Vocational Supervisors	7,031.00
Education Equalization Funding Grant	880,547.00
Other State Programs	
Food Services	31,022.00
Math and Science Supplements	5,734.03
Preschool Handicapped Program	61,045.00
Teachers' Retirement	10,995.72
Vocational Education	29,353.00
Office of the State Treasurer	
Public School Employees' Retirement	32,308.00
	\$ 9,745,768.38

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of \$1,021,044.00 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

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

SCHEDULE "4"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST #2 PROJECT							
(1) For the purpose of renovating, adding to, and improving the following capital outlay projects at Claxton Elementary School and Claxton Middle School:							
(a) Renovations, additions, and improvements to Claxton Elementary School;	\$ 50,000.00	\$ 39,158.94	\$ 0.00	\$ 39,158.94	\$ 39,158.94		Completed
(b) The addition of new classrooms, restrooms, and related support areas at Claxton Elementary School;	2,800,000.00	2,742,558.14		2,742,558.14	2,742,558.14		Completed
(c) The installation of air conditioning systems and security systems at Claxton Elementary School;	500,000.00	496,119.54		496,119.54	496,119.54		Completed
(d) Renovations, additions, and improvements to Claxton Middle School.	2,720,000.00	2,092,831.04		0.00		\$ 2,092,831.04	Completed(4)
(2) For the purpose of renovating, adding to, and improving the following capital outlay projects at Claxton High School:							
(a) Renovations, additions, and improvements to the cafeteria kitchen;	100,000.00	75,858.53		75,858.53	75,858.53		Completed
(b) The installation of air conditioning systems and security systems;	350,000.00	317,824.75		317,824.75	317,824.75		Completed
(c) The construction of physical education and athletic facilities.	450,000.00	403,831.63		403,831.63	403,831.63		Completed
(3) Renovations, additions, and improvements at the School District's central office, including a new roof, restroom, and additional office space.	500,000.00	491,101.94		491,101.94	491,101.94		Completed
(4) System-wide technology upgrades.	200,000.00	170,447.15		170,447.15	170,447.15		Completed
(5) The acquisition of cafeteria equipment.	70,000.00	60,768.19		60,768.19	60,768.19		Completed
(6) The acquisition of band equipment.	10,000.00	8,300.00		8,300.00	8,300.00		Completed
(7) The acquisition of buses.	50,000.00	50,000.00		50,000.00	50,000.00		Completed
	<u>\$ 7,800,000.00</u>	<u>\$ 6,948,799.85</u>	<u>\$ 0.00</u>	<u>\$ 4,855,968.81</u>	<u>\$ 4,855,968.81</u>	<u>\$ 2,092,831.04</u>	
SPLOST #3 PROJECT							
improving Claxton Middle School or acquiring, constructing, and equipping a new Claxton Middle School;							
	\$ 4,348,000.00	\$ 11,542,775.48	\$ 580,923.53	\$ 10,961,851.95	\$ 11,542,775.48	\$ 0.00	Completed (5)
(2) Acquiring, constructing, and equipping the Claxton High School Athletic Complex;	1,660,000.00	717,323.30					March 2014
(3) Renovating and improving the Claxton High School football stadium including seating and the pressbox;	125,000.00						March 2014 (4)
(4) System-wide instructional and administrative technology;	2,625,000.00	58,402.54		58,402.54			March 2014
(5) Adding to, remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities of the School District;		19,871.59	6,000.00	13,871.59			March 2014
(6) Acquiring any property, both real and personal, and equipment necessary therefor, including:							March 2014
(a) Cafeterias;	191,000.00	8,840.30		8,840.30			March 2014
(b) HVAC systems;	15,000.00						March 2014
(c) Roof repairs	300,000.00						March 2014
(d) Parking lots;							March 2014
(e) Safety and security equipment;		6,250.01	6,250.01				March 2014
(f) School buses and maintenance vehicles;	211,000.00	90,846.96	50,946.96	39,900.00			March 2014
(g) Textbooks and library books;		53,259.62	53,259.62				March 2014
(h) Vocational equipment;							March 2014
(i) Band equipment;	25,000.00						March 2014
(j) Physical education equipment; and athletic equipment.		22,572.50	21,069.00	1,503.50			March 2014
	<u>\$ 9,500,000.00</u>	<u>\$ 12,520,142.30</u>	<u>\$ 718,449.12</u>	<u>\$ 11,084,369.88</u>	<u>\$ 11,542,775.48</u>	<u>\$ 0.00</u>	
	<u>\$ 17,300,000.00</u>	<u>\$ 19,468,942.15</u>	<u>\$ 718,449.12</u>	<u>\$ 15,940,338.69</u>	<u>\$ 16,398,744.29</u>	<u>\$ 2,092,831.04</u>	

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

SCHEDULE "4"

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion. The total current estimated costs for SPLOST #3 do not exceed the total estimated funding sources of GSFIC funds of \$3,927,311.00, SPLOST #2 funding of \$2,092,831.04, and projected SPLOST #3 funds of \$6,500,000.00.
- (3) The voters of Evans County approved the imposition of a 1% sales tax to fund the above projects and any associated debt. Amounts expended for these projects may be funded by sales tax proceeds, state funds, and interest earned over the life of the projects.
- (4) The Claxton Middle School Project excess proceeds from SPLOST #2 project are reflected in the Claxton Middle School (SPLOST #3) project expenditures. The new school was occupied in August 2012, and the certificate of completion was received by the School District on November 27, 2012.
- (5) The Claxton Middle School project (SPLOST #3) is underfunded as of June 30, 2013 by \$295,600. This lack of funds was expected by the School District. To compensate for the lack of cash on hand to fund the invoice payments due on SPLOST funds, the School District borrowed cash from the general operating bank account to cover the shortage of SPLOST funds. The School District plans to reimburse the general operating bank account with SPLOST collections during fiscal year 2014.

See notes to the basic financial statements.

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

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA		ELIGIBLE QBE PROGRAM COSTS		
	DEPARTMENT OF		SALARIES	OPERATIONS	TOTAL
	EDUCATION (1)	(2) (3)			
Direct Instructional Programs					
Kindergarten Program	\$	847,322.00	\$ 687,997.41	\$ 3,353.04	\$ 691,350.45
Kindergarten Program-Early Intervention Program		172,968.00	167,247.08	393.58	167,640.66
Primary Grades (1-3) Program		1,759,980.00	1,617,905.73	9,882.37	1,627,788.10
Primary Grades-Early Intervention (1-3) Program		191,223.00	96,696.85	204.09	96,900.94
Upper Elementary Grades (4-5) Program		822,398.00	782,457.09	4,364.36	786,821.45
Upper Elementary Grades-Early Intervention (4-5) Program		65,784.00	135,777.33	201.26	135,978.59
Middle School (6-8) Program		991,888.00	1,055,223.06	6,842.34	1,062,065.40
High School General Education (9-12) Program		787,675.00	1,051,200.10	12,072.82	1,063,272.92
Vocational Laboratory (9-12) Program		429,951.00	299,201.48	15,475.21	314,676.69
Students with Disabilities		1,224,038.00	1,132,799.85	4,506.15	1,137,306.00
Gifted Student - Category VI		547,035.00	312,440.25	1,712.20	314,152.45
Remedial Education Program		123,996.00	113,294.78	277.23	113,572.01
Alternative Education Program		84,424.00	136,824.13	1,316.33	138,140.46
English Speakers of Other Languages (ESOL)		408,374.00	337,110.76	14.99	337,125.75
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$	8,457,056.00	\$ 7,926,175.90	\$ 60,615.97	\$ 7,986,791.87
Media Center Program		234,413.00	255,910.23	20,960.14	276,870.37
Staff and Professional Development		43,167.00	2,498.58	9,714.00	12,212.58
TOTAL QBE FORMULA FUNDS	\$	8,734,636.00	\$ 8,184,584.71	\$ 91,290.11	\$ 8,275,874.82

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

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 4, 2014

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

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

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Evans County Board of Education as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Evans County Board of Education's basic financial statements and have issued our report thereon dated March 4, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

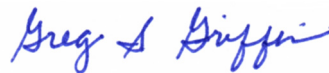
As part of obtaining reasonable assurance about whether Evans County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

We noted a certain matter that we have reported to management of Evans County Board of Education in a separate letter dated March 4, 2014.

Purpose of this Report

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

Respectfully,



Greg S. Griffin
State Auditor

GSG:as
2013YB-10



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 4, 2014

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

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully,



Greg S. Griffin
State Auditor

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting: ▪ Material weakness identified? ▪ Significant deficiency identified?	No None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over its major program: ▪ Material weakness identified? ▪ Significant deficiency identified?	No None Reported
Type of auditor's report issued on compliance for the major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
Identification of the major program:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000.00
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.