

CLARKE COUNTY BOARD OF EDUCATION
ATHENS, GEORGIA

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

CLARKE COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

July 2, 2013

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

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

Ladies and Gentlemen:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2013, on our consideration of the Clarke County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through ix and page 29 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2012ARL-11

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

INTRODUCTION

The District's financial statements for the fiscal year ended June 30, 2012, includes a series of basic financial statements that report financial information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide financial information about all of the District's activities and present both a short-term and long-term view of the District's finances on a global basis. The fund financial statements provide information about all of the District's funds. Information about these funds, such as the District's General Fund, is important in its own right, but will also give insight into the District's overall soundness as reported in the Statement of Net Assets and the Statement of Activities.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2012 are as follows:

On the District-wide financial statements:

- District-wide net assets at June 30, 2012, were $269.7 million. Net assets reflect the difference between all assets of the District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term. The net assets at June 30, 2012, of $269.7 million represented an increase of $7.2 million in net assets when compared to the prior year as restated.

- The School District had $161.7 million in expenses relating to governmental activities; only $77.2 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of $91.7 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $91.7 million or about 54.3% of all revenues totaling almost $168.9 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues.

On the fund financial statements:

- Among major funds, the General Fund had over $147.8 million in revenues and $152.9 million in expenditures. The General Fund balance of $25.5 million at June 30, 2012, decreased by almost $5.0 million from the prior year as restated.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial Statements consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the District-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Clarke County School District, the General Fund, Capital Projects Funds, and Debt Service Funds are all considered to be major funds. The District has no nonmajor funds as defined by GASB Statement 34 for the purposes of this report.

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

District-wide Statements

Since Clarke County School District has no operations that have been classified as "Business Activities", the District-wide financial statements are basically a consolidation of all of the District's operating funds into one column called governmental activities. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Assets' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all District's assets and liabilities and uses the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

When analyzing District-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Assets:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net assets as follows:
    - *Net Assets invested in capital assets, net of related debt*
    - *Restricted net assets* are those with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net assets* are net assets that do not meet any of the above restrictions.

Fund Financial Statements

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the District has no nonmajor Funds as defined by generally accepted accounting principles.

The District has two kinds of funds as discussed below:

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can be 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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets, which is the difference between total assets and total liabilities, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net assets, as measured in the Statement of Net Assets, can be one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets as measured in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the District.

In the case of the Clarke County School District, assets exceeded liabilities by $269.7 million at June 30, 2012. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net asset category. For example, of the $269.7 million of net assets, about $44.6 million was restricted for continuation of Federal programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had $213.9 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net assets, it must be recognized that this portion of the net assets is *not* available for future spending.

The remaining balance of *unrestricted net assets* of almost $11.2 million may be used to meet the District's ongoing obligations to citizens and creditors.

Table 1 provides a summary of the School District's net assets for this fiscal year as compared to the prior fiscal year.

Table 1
Net Assets

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011 (Restated)
Assets		
Current and Other Assets	$ 89,287,369	$ 92,954,273
Capital Assets, Net	214,107,582	213,520,662
Total Assets	$ 303,394,951	$ 306,474,935
Liabilities		
Current and Other Liabilities	$ 21,487,157	$ 20,899,173
Long-Term Liabilities	12,159,027	23,052,225
Total Liabilities	$ 33,646,184	$ 43,951,398
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 213,878,662	$ 202,448,110
Restricted	44,643,656	43,725,040
Unrestricted	11,226,449	16,350,387
Total Net Assets	$ 269,748,767	$ 262,523,537

Total net assets increased $7.2 million in fiscal year 2012 from the prior year net assets as shown above. This increase includes a $2.2 million restatement of Net Assets at July 1, 2011, for various accounting matters related to correction of prior year capital assets and receivables. The remaining change in net assets of $7.2 million is further summarized in Table 2 as presented below.

Table 2
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011 (Restated)
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 2,826,717	$ 2,320,683
Operating Grants and Contributions	73,130,622	83,037,972
Capital Grants and Contributions	1,283,469	2,291,333
Total Program Revenues	$ 77,240,808	$ 87,649,988
General Revenues:		
Taxes		
Property Taxes	$ 66,185,902	$ 68,643,046
Sales Taxes	21,112,365	19,702,575
Investment Earnings	716,851	670,948
Miscellaneous	3,673,361	4,331,005
Total General Revenues	$ 91,688,479	$ 93,347,574
Total Revenues	$ 168,929,287	$ 180,997,562
Program Expenses:		
Instruction	$ 99,229,547	$ 99,496,618
Support Services		
Pupil Services	5,531,818	4,988,442
Improvement of Instructional Services	6,611,555	8,607,953
Educational Media Services	2,186,008	2,055,136
General Administration	3,064,220	2,740,013
School Administration	7,317,206	7,660,550
Business Administration	1,981,018	1,620,715
Maintenance and Operation of Plant	11,850,259	12,749,696
Student Transportation Services	10,278,220	9,319,035
Central Support Services	2,695,197	2,342,984
Other Support Services	1,046,940	1,102,666
Operations of Non-Instructional Services		
Enterprise Operations	491,076	436,377
Community Srvices	571,431	605,540
Food Services	8,277,213	7,598,925
Interest on Short-Term and Long-Term Debt	572,350	901,684
Total Expenses	$ 161,704,058	$ 162,226,334
Increase in Net Assets	$ 7,225,229	$ 18,771,228

The total increase in net assets for fiscal year 2012 of $7.22 million was less than the increase in net assets that occurred in fiscal year 2011. The School District believes this decrease is due to less Federal grants, a decrease in local property tax receipts and increase in benefit expense mandated by the state and not funded for fiscal year 2011.

Cost of Providing Services

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2012	Fiscal Year 2011 (Restated)	Fiscal Year 2012	Fiscal Year 2011 (Restated)
Instruction	$ 99,229,547	$ 99,496,618	$ 55,246,278	$ 43,278,043
Support Services:				
Pupil Services	5,531,818	4,988,442	2,539,324	2,608,156
Improvement of Instructional Services	6,611,555	8,607,953	1,389,746	3,059,963
Educational Media Services	2,186,008	2,055,136	654,552	474,844
General Administration	3,064,220	2,740,013	279,831	-150,813
School Administration	7,317,206	7,660,550	3,703,800	4,244,071
Business Administration	1,981,018	1,620,715	1,834,781	1,548,457
Maintenance and Operation of Plant	11,850,259	12,749,696	7,666,502	8,692,067
Student Transportation Services	10,278,220	9,319,035	7,122,667	6,978,907
Central Support Services	2,695,197	2,342,984	2,433,875	1,997,464
Other Support Services	1,046,940	1,102,666	292,449	291,585
Operations of Non-Instructional Services:				
Enterprise Operations	491,076	436,377	220,057	436,377
Community Services	571,431	605,540	-61,837	-23,915
Food Services	8,277,213	7,598,925	568,875	239,456
Interest on Short-Term and Long-Term Debt	572,350	901,684	572,350	901,684
Total Expenses	$ 161,704,058	$ 162,226,334	$ 84,463,250	$ 74,576,346

Expenses for fiscal year 2012 decreased about 0.33% from prior year expenses, while the net cost of services increased 13.26%. Even though total expenses decreased in fiscal year 2012, the School District net costs of services increased because program revenues decreased from the prior fiscal year by $10.4 million or about 12%.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $169.3 million and total expenditures of $173.8 million in fiscal year 2012. Total governmental fund balances of $66.7 million at June 30, 2012, decreased $4.6 million from the prior year. This decrease in fund balance resulted primarily from net change in fund balance for the general fund due to deficit budgeting for fiscal year 2012 from reserves that had been accumulated in prior fiscal years.

General Fund Budget Highlights

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

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the General Fund, the final actual revenues of over $147.8 million were greater than the final budgeted of $143.2 million by nearly $4.6 million. This difference (final actual vs. final budget) was primarily attributable to a combination of revenues for Federal Funds less than the final budget of over $3.2 million, and revenues for property taxes revenue over final budget of almost $2.1 million and miscellaneous revenues over final budget of almost $3.5 million. The District did not include revenues for school activity accounts (included in miscellaneous revenues) in the final budget.

The General Fund's final actual expenditures of almost $152.9 million were less than the final budget amount of $153.7 million by $0.8 million. This difference (final vs. budget) was a combination of expenditures less than and greater than for all expenditures category.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the School District had $214.1 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011 (Restated)
Land	$ 3,123,575	$ 2,744,503
Construction In Progress	7,210,303	21,925,378
Land Improvements	921,665	975,938
Buildings and Improvements	196,469,060	179,772,868
Equipment	6,382,978	8,101,975
Total	$ 214,107,581	$ 213,520,662

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

Long-Term Debt

At June 30, 2012, the School District had $12.2 million in total debt outstanding which consisted of $10.8 million in bond debt, $0.2 million capital lease debt, and $1.1 million in compensated absences debt. Table 5 summarizes the School District's debt as compared to the prior fiscal year.

Table 5
Change in Long-Term Debt

	Governmental Activities	
	Fiscal Year 2012	Fiscal Year 2011
Bonds Payable	$ 10,850,000	$ 21,255,000
Capital Leases	220,989	478,282
Compensated Absences	1,088,039	1,091,914
Unamortized Bond Premium		227,028
Total	$ 12,159,028	$ 23,052,224

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District's operating millage rate for fiscal year 2012 was 20 mills, which produced approximately $3.3 million per mill. The School District continues to construct new facilities and renovate existing buildings to accommodate moderate growth, implement a neighborhood school model, improve instructional spaces and reduce the number of portable classrooms district wide. The District plans to fund additional capital projects with the one percent local sales tax revenue approved in 2011 and with state capital outlay grants.

- The School District is financially challenged by a combination of locally declining property values, which affect local revenues, and the State's flat revenues and subsequent stagnation of state revenue appropriations to local school districts. Further stagnation of state funding is budgeted for fiscal year 2013. Additionally, sales taxes have also slowed which have negatively affected both operating and construction revenues provided through those sources. Increases in health care costs, teacher steps increase and in the district share of teachers' retirement with no increase in revenues has resulted in the reduction of services to students. In spite of these challenges, the School District continues to be a good steward of tax dollars and provides a quality dynamic educational program to meet the needs of all children.

- Given the current and predicted fiscal landscape, the District will continue to be fiscally challenged in funding an innovative and comprehensive instructional program with needed support for a student population where over 81% qualify for free and reduced hot lunch. However, through creative programming and reductions in employee salaries, the district has maintained its laser focus on student performance and provides multiple pathways for students to earn a high school diploma and continue with the education required to enter into a career.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Larry Hammel, Chief Financial Officer, Clarke County Board of Education, 240 Mitchell Bridge Road, Athens, Georgia 30606. You may also email your questions to Mr. Hammell at hammell@Clarke.k12.ga.us

CLARKE COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 38,413,377.43
Investments	36,699,264.22
Accounts Receivable, Net	
Interest	2,992.42
Taxes	4,028,398.00
State Government	6,899,659.92
Federal Government	2,751,349.31
Other	169,632.82
Inventories	283,052.35
Deferred Charges	39,642.85
Capital Assets, Non-Depreciable	10,333,878.04
Capital Assets, Depreciable (Net of Accumulated Depreciation)	203,773,703.76
Total Assets	$ 303,394,951.12
LIABILITIES	
Accounts Payable	$ 843,573.44
Salaries and Benefits Payable	16,310,658.97
Payroll Withholdings Payable	1,439,547.04
Interest Payable	128,343.75
Contracts Payable	2,400,080.20
Retainages Payable	353,931.10
Deposits and Deferred Revenues	11,022.19
Long-Term Liabilities	
Due Within One Year	11,161,989.03
Due in More Than One Year	997,038.51
Total Liabilities	$ 33,646,184.23
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 213,878,662.39
Restricted for	
Continuation of Federal Programs/Other Programs	3,633,406.86
Debt Service	10,978,343.75
Capital Projects	30,031,904.90
Unrestricted	11,226,448.99
Total Net Assets	$ 269,748,766.89
Total Liabilities and Net Assets	$ 303,394,951.12

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 99,229,547.08	$ 127,953.23
Support Services		
Pupil Services	5,531,817.73	
Improvement of Instructional Services	6,611,555.20	
Educational Media Services	2,186,007.96	
General Administration	3,064,219.64	
School Administration	7,317,205.95	
Business Administration	1,981,018.08	
Maintenance and Operation of Plant	11,850,258.92	86,890.03
Student Transportation Services	10,278,219.77	894,693.76
Central Support Services	2,695,197.42	
Other Support Services	1,046,939.79	
Operations of Non-Instructional Services		
Enterprise Operations	491,075.66	271,018.95
Community Services	571,431.47	633,268.48
Food Services	8,277,212.89	812,892.73
Interest on Short-Term and Long-Term Debt	572,350.17	
Total Governmental Activities	$ 161,704,057.73	$ 2,826,717.18
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year (Restated)		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 42,931,780.66	$ 923,535.23	$ -55,246,277.96
2,992,493.45		-2,539,324.28
5,219,626.59	2,182.62	-1,389,745.99
1,531,455.84		-654,552.12
2,759,785.56	24,602.93	-279,831.15
3,613,406.20		-3,703,799.75
146,236.89		-1,834,781.19
4,079,183.43	17,683.33	-7,666,502.13
2,108,420.19	152,439.00	-7,122,666.82
111,884.93	149,437.89	-2,433,874.60
754,490.47		-292,449.32
		-220,056.71
		61,837.01
6,881,857.98	13,587.24	-568,874.94
		-572,350.17
$ 73,130,622.19	$ 1,283,468.24	$ -84,463,250.12
		$ 66,185,717.59
		184.35
		20,364,480.36
		747,884.71
		716,851.44
		3,673,361.03
		$ 91,688,479.48
		$ 7,225,229.36
		262,523,537.53
		$ 269,748,766.89

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 32,746,910.38	$ 5,666,435.34	$ 31.71	$ 38,413,377.43
Investments	26,449.85	36,672,814.37		36,699,264.22
Accounts Receivable, Net				
Interest	2,522.64	469.78		2,992.42
Taxes	2,324,137.58	1,704,107.78	152.64	4,028,398.00
State Government	6,899,659.92			6,899,659.92
Federal Government	2,751,349.31			2,751,349.31
Interfund	75,314.22			75,314.22
Other	169,632.82			169,632.82
Inventories	283,052.35			283,052.35
Total Assets	$ 45,279,029.07	$ 44,043,827.27	$ 184.35	$ 89,323,040.69
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Interfund Accounts Payable		$ 75,314.22		$ 75,314.22
Accounts Payable	$ 767,593.82	75,979.62		843,573.44
Salaries and Benefits Payable	16,310,658.97			16,310,658.97
Payroll Withholdings Payable	1,439,547.04			1,439,547.04
Contracts Payable		2,400,080.20		2,400,080.20
Retainages Payable		353,931.10		353,931.10
Deposits and Deferred Revenue	1,247,972.55		$ 114.08	1,248,086.63
Total Liabilities	$ 19,765,772.38	$ 2,905,305.14	$ 114.08	$ 22,671,191.60
FUND BALANCES				
Nonspendable	$ 283,052.35			$ 283,052.35
Restricted	3,421,351.79	$ 41,138,522.13	$ 70.27	44,559,944.19
Assigned	1,509,301.16			1,509,301.16
Unassigned	20,299,551.39			20,299,551.39
Total Fund Balances	$ 25,513,256.69	$ 41,138,522.13	$ 70.27	$ 66,651,849.09
Total Liabilities and Fund Balances	$ 45,279,029.07	$ 44,043,827.27	$ 184.35	$ 89,323,040.69

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 66,651,849.09
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 3,123,575.44	
Construction in Progress	7,210,302.60	
Land Improvements	1,701,196.35	
Buildings	245,217,957.45	
Equipment	22,670,695.16	
Accumulated Depreciation	-65,816,145.20	
Total Capital Assets		214,107,581.80
Property taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		1,237,064.44
Bond Issuance Cost are recorded as expenditures in the Fund Statements when incurred, but in the District-wide Statements are amortized pro-ratably as expense over the life of the Bond Issue.		39,642.85
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Bonds Payable	$ -10,850,000.00	
Accrued Interest Payable	-128,343.75	
Capital Leases Payable	-220,989.03	
Compensated Absences Payable	-1,088,038.51	
Total Long-Term Liabilities		-12,287,371.29
Net Assets of Governmental Activities (Exhibit "A")		$ 269,748,766.89

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 66,027,958.66		$ 70.27	$ 66,028,028.93
Sales Taxes	747,884.71	$ 20,364,480.36		21,112,365.07
State Funds	50,829,617.35	868,127.01		51,697,744.36
Federal Funds	22,716,346.07			22,716,346.07
Charges for Services	2,826,717.18			2,826,717.18
Investment Earnings	628,699.69	88,151.75		716,851.44
Miscellaneous	4,031,686.81	134,247.30		4,165,934.11
Total Revenues	$ 147,808,910.47	$ 21,455,006.42	$ 70.27	$ 169,263,987.16
EXPENDITURES				
Current				
Instruction	$ 92,973,392.49			$ 92,973,392.49
Support Services				
Pupil Services	5,525,948.23			5,525,948.23
Improvement of Instructional Services	6,579,627.28			6,579,627.28
Educational Media Services	2,182,019.55			2,182,019.55
General Administration	2,865,421.46			2,865,421.46
School Administration	7,823,285.14			7,823,285.14
Business Administration	1,657,908.47			1,657,908.47
Maintenance and Operation of Plant	11,734,621.51			11,734,621.51
Student Transportation Services	9,379,599.74			9,379,599.74
Central Support Services	1,563,973.97			1,563,973.97
Other Support Services	1,045,043.01			1,045,043.01
Enterprise Operations	491,075.66			491,075.66
Community Services	571,431.47			571,431.47
Food Services Operation	8,168,927.17			8,168,927.17
Capital Outlay		$ 9,813,090.36		9,813,090.36
Debt Services				
Principal	284,388.68		$ 10,405,000.00	10,689,388.68
Dues and Fees		500.00		500.00
Interest	17,406.42		764,925.00	782,331.42
Total Expenditures	$ 152,864,070.25	$ 9,813,590.36	$ 11,169,925.00	$ 173,847,585.61
Excess of Revenues over (under) Expenditures	$ -5,055,159.78	$ 11,641,416.06	$ -11,169,854.73	$ -4,583,598.45
OTHER FINANCING SOURCES (USES)				
Transfers In			$ 11,169,925.00	$ 11,169,925.00
Transfers Out		$ -11,169,925.00		-11,169,925.00
Total Other Financing Sources (Uses)		$ -11,169,925.00	$ 11,169,925.00	$ 0.00
Net Change in Fund Balances	$ -5,055,159.78	$ 471,491.06	$ 70.27	$ -4,583,598.45
Fund Balances - Beginning (Restated)	30,568,416.47	40,667,031.07	0.00	71,235,447.54
Fund Balances - Ending	$ 25,513,256.69	$ 41,138,522.13	$ 70.27	$ 66,651,849.09

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

CLARKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2012

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -4,583,598.45
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	$ 8,641,322.97	
Depreciation Expense	-7,561,830.36	
Excess of Capital Outlay over Depreciation Expense		1,079,492.61
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net assets.		-492,573.08
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		157,873.01
Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Assets and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Bond Issuance Costs		-39,642.86
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 10,405,000.00	
Capital Lease Payments	257,293.17	
Amortization of Bond Premiums	227,028.19	
Total Long-Term Debt Repayments		10,889,321.36
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		210,481.25
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:		
Decrease in Compensated Absences		3,875.52
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 7,225,229.36

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 115,499.52
LIABILITIES	
Funds Held for Others	$ 115,499.52

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 Clarke 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 Clarke County Board of Education.

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

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

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

Fund Financial Statements:
The fund financial statements provide information about the School District's funds. 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 Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, 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. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

RESTATEMENT OF PRIOR YEAR CAPITAL ASSETS

For fiscal year 2012, the School District restated various Capital Assets due to errors and omissions. The School District decreased land by $78,000.00. Additionally, the School District decreased construction in progress and increased buildings and improvements and equipment, $1,864,799.93, $6,018.95 and $0.07, respectively. The result is a decrease in Net Assets at July 1, 2011, of $1,936,780.91. This change is in accordance with generally accepted accounting principles.

RESTATEMENT OF PRIOR YEAR NET ASSETS/FUND BALANCE

For fiscal year 2012, the School District made a variety of prior period adjustments due to various errors or omissions, which require the restatement of the June 30, 2011, net assets in Governmental Activities and fund balance in the General Fund. The result is a decrease in Net Assets and Fund Balance at July 1, 2011, of $2,223,762.17 and $286,981.26 respectively. These changes are in accordance with generally accepted accounting principles.

Net assets, July 1, 2011 as previously reported	$	264,747,299.70
Reclassification of Capital Assets		-1,936,780.91
Reclassification of Accounts Receivable - Federal Governments		-286,981.26
Net assets, July 1, 2011, as restated	$	262,523,537.53
Fund Balance, July 1, 2011, as previously reported	$	30,855,397.73
Reclassification of Accounts Receivable - Federal Governments		-286,981.26
Fund Balance, July 1, 2011, as restated	$	30,568,416.47

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue

recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

PROPERTY TAXES

The Clarke County Board of Commissioners fixed the property tax levy for the 2011 tax digest year (calendar year) on July 7, 2011 (levy date). Taxes were due on October 20, 2011 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2011 tax digest are reported as revenue in the governmental funds for fiscal year 2012. The Clarke County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2012, for maintenance and operations amounted to $66,027,958.66 and for school bonds amounted to $70.27.

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

School Operations	20.00 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $20,364,480.36 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

Consumable Supplies Inventories
Inventories of consumable supplies are reported at cost using the weighted average method. The School District uses the consumption method to account for inventories whereby consumable supplies are recorded as an asset when purchased and expenses are recorded as inventory items are used.

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

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	ALL	N/A
Land Improvements	$ 5,000.00	15 to 99 years
Buildings and Improvements	$ 5,000.00	up to 99 years
Equipment	$ 5,000.00	3 to 10 years
Intangible Assets	$ 100,000.00	individually determined

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

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

COMPENSATED ABSENCES

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

Vacation leave of up to 15 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 60 days.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2010	$ 661,422.43	$ 599,913.87	$ 351,062.35	$ 910,273.95
2011	$ 910,273.95	$ 655,867.67	$ 474,227.59	$ 1,091,914.03
2012	$ 1,091,914.03	$ 610,542.15	$ 614,417.67	$ 1,088,038.51

GENERAL OBLIGATION BONDS

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

In the fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

NET ASSETS

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

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

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

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

FUND BALANCES

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

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

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

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

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

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

Fund Balances of the Governmental Funds at June 30, 2012, are as follows:

Nonspendable		
Inventories		$ 283,052.35
Restricted		
Continuation of Federal Programs	$ 3,225,373.38	
Continuation of Sponsored Programs	195,978.41	
Capital Projects	30,031,904.90	
Debt Service	11,106,687.50	44,559,944.19
Assigned		
After School Program	$ 272,908.12	
School Acctivity Accounts	680,044.13	
Self-Insurance	209,033.18	
Other	347,315.73	1,509,301.16
Unassigned		20,299,551.39
Fund Balance, June 30, 2012		$ 66,651,849.09

It is the goal of the School District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 2% of annual budgeted revenues, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The School District's formal budget was prepared in accordance with accounting principles permitted by the State of Georgia but not in accordance with generally accepted accounting principles in the United States of America.

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

The Superintendent is authorized by the Board to approve any adjustments to the amount budgeted for expenditures in any budget function for any fund. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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.

BUDGETARY/GAAP BASIS RECONCILIATION

In the General Fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP).

The primary differences between the budget basis and GAAP basis are:

1. State QBE revenue is recorded when received (budget) rather than when susceptible to accrual (GAAP).
2. Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (GAAP).
3. Payments made by the State of Georgia for school district employee benefits are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.
4. Revenue and expenditures associated with Principal accounts are not included in the School District's Operating Budget.

Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund that is reconciled as follows:

Actual Revenues, GAAP Basis	$ 147,808,910.47	
State QBE Revenue Increase/Decrease (Net)	123,423.00	
On-Behalf Benefit Contribution	-340,886.39	
Omission of Revenue from Principal Accounts	-1,589,466.69	
Actual Revenues, Budgetary Basis		$ 146,001,980.39
Actual Expenditures, GAAP Basis	$ 152,864,070.25	
Accrued Salary Increase/Decrease	-720,725.59	
On-Behalf Benefits Expenditure	-340,886.39	
Omission of Expenditures from Principal Accounts	-1,527,358.23	
Actual Expenditures, Budgetary Basis		150,275,100.04
Revenues Over Expenditures and Other Financing Sources (Uses), Budgetary Basis		$ -4,273,119.65
Revenues Over Expenditures and Other Financing Sources (Uses), GAAP Basis		$ -5,055,159.78

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. At June 30, 2012 $1,736,377.64 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, 2012, the bank balances were $40,260,900.80. 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.

The School District's deposits by custodial risk category at June 30, 2012, are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ 1,736,377.64
2	0.00
3	37,742,941.35
Total	$ 39,479,318.99

CATEGORIZATION OF INVESTMENTS

The School District's investments as of June 30, 2012, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value
Other Investments	
U. S. Treasury	
Money Market Funds	$ 36,672,814.37
Investment Pools	
Office of the State Treasurer	
Georgia Fund 1	19,427.64
Total Investments	$ 36,692,242.01

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

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

The U. S. Treasury Money Market Funds of $36,672,814.37 are in Advantage Government Money Market Fund (GVIXX) managed by Wells Fargo Funds Management, LLC. The objective of this fund is current income, while preserving capital and liquidity. The Fund invests in high-quality, short-term money market instruments that consist of U. S. Government obligations and repurchase agreements collateralized by U. S. Government Obligations. This fund is rated AAAm by Standard and Poor's and Aaa by Moody's. The weighted average maturity of the fund is approximately 29 days.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2011 (Restated)	Increases	Decreases	Balances June 30, 2012
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,744,503.02	$ 379,072.42		$ 3,123,575.44
Construction in Progress	21,925,377.62	7,237,420.15	$ 21,952,495.17	7,210,302.60
Total Capital Assets Not Being Depreciated	$ 24,669,880.64	$ 7,616,492.57	$ 21,952,495.17	$ 10,333,878.04
Capital Assets Being Depreciated				
Buildings and Improvements	$ 223,757,791.59	$ 22,365,802.86	$ 905,637.00	$ 245,217,957.45
Equipment	22,471,938.93	574,197.50	375,441.27	22,670,695.16
Land Improvements	1,663,871.14	37,325.21		1,701,196.35
Less Accumulated Depreciation for:				
Buildings and Improvements	43,984,923.24	5,184,262.88	420,288.81	48,748,897.31
Equipment	14,369,963.40	2,285,969.93	368,216.38	16,287,716.95
Land Improvements	687,933.39	91,597.55		779,530.94
Total Capital Assets, Being Depreciated, Net	$ 188,850,781.63	$ 15,415,495.21	$ 492,573.08	$ 203,773,703.76
Governmental Activity Capital Assets - Net	$ 213,520,662.27	$ 23,031,987.78	$ 22,445,068.25	$ 214,107,581.80

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

	Governmental Funds
Equipment	$ 1,059,240.00
Less: Accumulated Depreciation	370,734.00
	$ 688,506.00

Current year depreciation expense by function is as follows:

Instruction		$ 5,385,051.38
Support Services		
Improvements of Instructional Services	$ 14,592.55	
General Administration	164,490.13	
Maintenance and Operation of Plant	118,227.15	
Student Transportation Services	789,516.41	
Central Support Services	999,111.22	2,085,937.46
Food Services		90,841.52
		$ 7,561,830.36

NOTE 7: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2012, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	$ 75,314.22	
District-wide Capital Projects		$ 75,314.22
	$ 75,314.22	$ 75,314.22

The General Fund has temporarily advanced funds to the District-wide Capital Projects Fund to provide short-term financing. These amounts are expected to be repaid in the subsequent fiscal year.

NOTE 8: INTERFUND TRANSFERS

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

Transfer to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 11,169,925.00

Transfers are used to move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund for payment of General Obligation Bonds.

NOTE 9: 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, unemployment compensation and dental, optical, hearing care of employees.

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 has established a limited risk management program for dental, optical, and hearing claims for its employees. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of employee participation in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and associated liability reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in dental, optical, and hearing claims liability during the last two fiscal years are as follows:

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2011	$ 0.00	$ 992,187.32	$ 992,187.32	$ 0.00
2012	$ 0.00	$ 1,149,104.05	$ 1,149,104.05	$ 0.00

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2011	$ 0.00	$ 162,301.86	$ 162,301.86	$ 0.00
2012	$ 0.00	$ 227,902.91	$ 227,902.91	$ 0.00

The School District participates in the Georgia School Boards Association Workers' Compensation Fund, a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550,000.00 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550,000.00 loss per occurrence, up to $2,000,000.00.

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

Position Covered	Amount
Superintendent	$ 250,000.00

NOTE 10: LONG-TERM DEBT

CAPITAL LEASES

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

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2007	4.00% - 5.00%	$ 10,850,000.00

Voters have authorized $50,000,000.00 in general obligation debt for various construction projects which was not issued as of June 30, 2012.

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

	Governmental Funds				
	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
G. O. Bonds	$ 21,255,000.00		$ 10,405,000.00	$ 10,850,000.00	$ 10,850,000.00
Capital Leases	478,282.20		257,293.17	220,989.03	220,989.03
Compensated Absences	1,091,914.03	$ 610,542.15	614,417.67	1,088,038.51	91,000.00
Bond Premiums Amortized	227,028.19		227,028.19	0.00	
	$ 23,052,224.42	$ 610,542.15	$ 11,503,739.03	$ 12,159,027.54	$ 11,161,989.03

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

	Capital Leases	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 220,989.03	$ 7,552.32

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 10,850,000.00	$ 256,687.50

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $8,883,910.39 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Certificated Personnel
In the amount of $8,543,024.00

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $166,706.39

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $174,180.00

NOTE 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2012:

Project	Unearned Executed Contracts
Howard B. Stroud Elementary School	$ 3,407,017.01
Whit Davis Elementary School	3,293,372.62
Transportation Administrative Building	2,499.99
Barrow Elementary School	12,150,585.94
Easom Elementary School	9,347,068.30
	$ 28,200,543.86

The amounts described in this note are not reflected in the basic financial statements.

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 14: RELATED PARTY TRANSACTIONS

One of the School District's Board members is an agent with Coldwell Banker Upchurch Realty. The School District has an ongoing contract for real estate services with this Firm, which commenced in 2007, and continues with annual extensions. The contract went into effect prior to the election of this Board member. The Board member has abstained on related votes that come before the Board.

NOTE 15: SUBSEQUENT EVENTS

On March 28, 2013, the School District issued general obligation bonds in the amount of $40 million. The proceeds from these bonds will be used for the purpose of providing funds to pay the costs of construction and equipping of new school facilities, construction of, additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, energy conservation systems for School District facilities, technology upgrades and additions to School District facilities, security upgrades to School District facilities, purchase and/or lease payoff of school buses, conversion of School District facilities currently on septic systems to public sewer, acquisition and installation of computer hardware and software for administrative and educational purposes, reimbursement of the School District's expenditures for the strategic plan for facilities acquisition of additional real and personal property, and paying expenses incident thereto.

NOTE 16: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service

agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2012:

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

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

For non-certificated school personnel:

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

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2012	100%	$ 14,475,985.77
2011	100%	$ 13,153,173.67
2010	100%	$ 11,431,252.02

NOTE 17: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

Fiscal Year	Percentage Contributed	Required Contribution
2012	100%	$ 8,112,065.13
2011	100%	$ 8,272,853.67
2010	100%	$ 7,751,225.17

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 63,948,181.00	$ 63,948,181.00	$ 66,027,958.66	$ 2,079,777.66
Sales Taxes	440,000.00	440,000.00	747,884.71	307,884.71
State Funds	50,152,107.00	50,494,336.00	50,829,617.35	335,281.35
Federal Funds	21,684,089.00	25,967,707.00	22,716,346.07	-3,251,360.93
Charges for Services	1,449,200.00	1,451,200.00	2,826,717.18	1,375,517.18
Investment Earnings	401,375.00	401,375.00	628,699.69	227,324.69
Miscellaneous	498,183.00	517,668.00	4,031,686.81	3,514,018.81
Total Revenues	$ 138,573,135.00	$ 143,220,467.00	$ 147,808,910.47	$ 4,588,443.47
EXPENDITURES				
Current				
Instruction	$ 94,121,401.00	$ 93,935,372.00	$ 92,973,392.49	$ 961,979.51
Support Services				
Pupil Services	4,225,819.00	5,448,351.00	5,525,948.23	-77,597.23
Improvement of Instructional Services	6,772,019.00	8,307,996.00	6,579,627.28	1,728,368.72
Educational Media Services	2,173,025.00	2,331,901.00	2,182,019.55	149,881.45
General Administration	2,595,732.00	2,634,617.00	2,865,421.46	-230,804.46
School Administration	7,743,449.00	7,798,448.00	7,823,285.14	-24,837.14
Business Administration	1,086,838.00	1,093,608.00	1,657,908.47	-564,300.47
Maintenance and Operation of Plant	10,936,155.00	12,149,307.00	11,734,621.51	414,685.49
Student Transportation Services	8,210,393.00	8,717,183.00	9,379,599.74	-662,416.74
Central Support Services	1,690,623.00	1,650,833.00	1,563,973.97	86,859.03
Other Support Services	887,090.00	1,036,762.00	1,045,043.01	-8,281.01
Enterprise Operations			491,075.66	-491,075.66
Food Services Operation	8,067,835.00	8,091,334.00	8,168,927.17	-77,593.17
Community Services Operations	472,314.00	496,305.00	571,431.47	-75,126.47
Debt Service			301,795.10	-301,795.10
Total Expenditures	$ 148,982,693.00	$ 153,692,017.00	$ 152,864,070.25	$ 827,946.75
Excess of Revenues over (under) Expenditures	$ -10,409,558.00	$ -10,471,550.00	$ -5,055,159.78	$ 5,416,390.22
OTHER FINANCING SOURCES (USES)				
Other Sources	$ 370,000.00	$ 370,000.00		$ -370,000.00
Other Uses	-370,000.00	-370,000.00		370,000.00
Total Other Financing Sources (Uses)	$ 0.00	$ 0.00		$ 0.00
Net Change in Fund Balances	$ -10,409,558.00	$ -10,471,550.00	$ -5,055,159.78	$ 5,416,390.22
Fund Balances - Beginning (Restated)	25,539,427.06	29,828,802.80	30,568,416.47	739,613.67
Fund Balances - Ending	$ 15,129,869.06	$ 19,357,252.80	$ 25,513,256.69	$ 6,156,003.89

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts and the After School Program. The actual revenues and expenditures of the principal accounts and After School Program are $1,589,466.69 and $1,527,358.23, respectively.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is not 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.

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 7,861,518.48	(1)
Total Child Nutrition Cluster				$ 7,861,518.48	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
ARRA - Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	$ 33,000.00	
Fresh Fruit and Vegetable Program		10.582	N/A	38,527.36	
Total Other Programs				$ 71,527.36	
Total U. S. Department of Agriculture				$ 7,933,045.84	
Education, U. S. Department of					
Impact Aid Cluster					
Direct					
Impact Aid		84.041		(3)	
Education of Homeless Children and Youth Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Education for Homeless Children and Youth		84.387	N/A	$ 16,719.66	
Education for Homeless Children and Youth		84.196	N/A	78,777.09	
Total Education of Homeless Children and Youth Cluster				$ 95,496.75	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 95,187.82	
ARRA - Preschool Grants	*	84.392	N/A	65.66	
Grants to States	*	84.027	N/A	3,091,069.95	
Preschool Grants	*	84.173	N/A	71,857.63	
Total Special Education Cluster				$ 3,258,181.06	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 217,884.76	
Title I Grants to Local Educational Agencies	*	84.010	N/A	5,517,690.08	
Total Title I, Part A Cluster				$ 5,735,574.84	
Other Programs					
Direct					
Early Reading First		84.359		$ 2,107,658.72	
Foreign Language Assistance		84.293		307,245.82	

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Pass-Through From Georgia Department of Education				
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 155,006.88
Education Jobs Fund		84.410	N/A	31,414.00
English Language Acquisition Grants		84.365	N/A	184,018.84
Improving Teacher Quality State Grants		84.367	N/A	612,818.45
Mathematics and Science Partnerships		84.366	N/A	62,753.51
Migrant Education - State Grant Program		84.011	N/A	103,315.58
Safe and Drug-Free Schools and Communities - State Grants		84.186	N/A	261.37
Striving Readers		84.371	N/A	39,390.88
Twenty-First Century Community Learning Centers	*	84.287	N/A	767,172.99
Total Other Programs				$ 4,371,057.04
Total U. S. Department of Education				$ 13,460,309.69
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				
ARRA - Child Care and Development Block Grant		93.713	N/A	$ 7,195.95
Head Start Cluster				
Direct				
ARRA - Head Start		93.708		$ 177,725.58
ARRA - Early Head Start		93.709		339,452.68
Head Start		93.600		2,727,456.80
Total Head Start Cluster				$ 3,244,635.06
Other Program				
Pass-Through From Department of Behavioral Health and Developmental Disabilities				
Block Grants for Prevention and Treatment of Substance Abuse		93.959	N/A	$ 25,560.24
Total U. S. Department of Health and Human Services				$ 3,277,391.25
Defense, U. S. Department of				
Direct				
Department of the Army				
R.O.T.C. Program				$ 184,187.60
Total Expenditures of Federal Awards				$ 24,854,934.38

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $ 271,980.11.
(2) Expenditures for the funds earned on the School Breakfast Program ($1,860,872.31) were not maintained separately and are included in the 2012 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $37,897.06, 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 Clarke County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 2,762,329.30		$ 2,762,329.30
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,211,954.00		3,211,954.00
Kindergarten Program - Early Intervention Program	405,714.00		405,714.00
Primary Grades (1-3) Program	6,184,229.00		6,184,229.00
Primary Grades - Early Intervention (1-3) Program	1,633,136.00		1,633,136.00
Upper Elementary Grades (4-5) Program	2,632,958.00		2,632,958.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,151,260.00		1,151,260.00
Middle Grades (6-8) Program	-1,690.00		-1,690.00
Middle School (6-8) Program	4,351,869.00		4,351,869.00
High School General Education (9-12) Program	3,831,388.00		3,831,388.00
Vocational Laboratory (9-12) Program	1,592,099.00		1,592,099.00
Students with Disabilities	7,475,911.00		7,475,911.00
Gifted Student - Category VI	3,170,952.00		3,170,952.00
Remedial Education Program	490,243.00		490,243.00
Alternative Education Program	346,892.00		346,892.00
English Speakers of Other Languages (ESOL)	1,477,610.00		1,477,610.00
Media Center Program	992,600.00		992,600.00
20 Days Additional Instruction	271,651.00		271,651.00
Staff and Professional Development	226,467.00		226,467.00
Indirect Cost			
Central Administration	1,288,568.00		1,288,568.00
School Administration	2,138,509.00		2,138,509.00
Facility Maintenance and Operations	2,574,358.00		2,574,358.00
Amended Formula Adjustment	-8,649,792.00		-8,649,792.00
Categorical Grants			
Pupil Transportation			
Regular	1,021,959.00		1,021,959.00
Food Services	195,420.00		195,420.00
Nursing Services	179,607.00		179,607.00
State Health Reimbursement	8,543,024.00		8,543,024.00
Vocational Education	164,515.00		164,515.00
Vocational Supervisor	28,189.00		28,189.00
Other State Programs			
Agriculture Construction Related Equipment - State Bonds	40,000.00		40,000.00
Dual Enrollment Funding	9,084.00		9,084.00
Math and Science Supplements	60,540.20		60,540.20
Preschool Handicapped Program	209,976.00		209,976.00
Pupil Transportation - State Bonds	152,439.00		152,439.00
Teachers' Retirement	166,706.39		166,706.39
Virtual Schools Grant	1,325.00		1,325.00
Vocational Construction Related Equipment - State Bonds	222,902.23		222,902.23
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		$ 868,127.01	868,127.01

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Health and Human Services, U. S. Department of			
Medicaid	$ 5,000.00		$ 5,000.00
Human Resources, Georgia Department of			
Family Connection	44,000.00		44,000.00
After School Program	51,535.23		51,535.23
Office of the State Treasurer			
Public School Employees' Retirement	174,180.00		174,180.00
	$ 50,829,617.35	$ 868,127.01	$ 51,697,744.36

See notes to the basic financial statements.

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED (5)	ESTIMATED COMPLETION DATE
SPLOST II							
Providing funds for the purpose of replacing approximately 80 portable classrooms with permanent classrooms, which may involve additions to existing schools or may involve the construction of new school facilities, renovations and/or additions to Clarke Central High School, Clark Middle School, Alps Road Elementary School, Gaines Elementary School, Cedar Shoals High School, Barnett Shoals Elementary School, Barrow Elementary School, Burney Harris Lyons Middle School, Chase Street Elementary School, Cleveland Road Elementary School, Coile Middle School, Fourth Street Elementary School *(now Howard B. Stroud Elementary School)* , Fowler Drive Elementary School, H.T. Edwards Building, Hilsman Middle School, Oglethorpe Elementary School, Timothy Road Elementary School, West Broad School Building, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, the acquisition construction and equipping of an alternative learning center, acquiring any necessary real or personal property and equipment (including acquiring improved or unimproved land and existing buildings to renovate for future school sites) and adding to, renovating, repairing, improving and equipping other existing education buildings, properties and facilities of the School District, including, without limitation, Old Winterville High School, athletic, transportation, maintenance and plant services facilities and technology upgrades to all School District facilities, and paying expenses incident thereto, at a cost of approximately $87,849,000.00.	$ 87,849,000.00	$ 107,400,736.32	$ 918,520.55	$ 104,833,844.52	$ 106,020,846.14	$ 75,792.03	12/1/2012
SPLOST III							
Providing funds to pay the cost of acquiring additions real property (improved or unimproved) for future school sites; construction of new school facilities; construction of facilities for vocational instruction; construction of, renovations of, additions to, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, which may include, without limitation, existing schools including, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fourth Street Elementary School *(now Howard B. Stroud Elementary School)* , Fowler Drive Elementary School, Gaines Elementary School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W.R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School, Clarke County Alternative Education Program, H.T. Edwards Sr. Teaching and Learning Center and Classic City High School - A Performance Learning Center, athletic facilities, transportation facilities (including bus driver training facilities), maintenance facilities and district services facilities; technology upgrades and additions to School District Facilities; security upgrades to School District Facilities, purchase and/or lease payoff of school buses; conversion of School District facilities currently on septic systems to public sewer; the acquisition and installation of software for administrative and educational purposes; reimbursement of the School District's expenditures for the 10-year strategic plan for facilities; and paying expenses incident thereto (including the payment of any capitalized interest), at a cost of approximately $104,000,000.00.	104,000,000.00	111,632,641.29	8,571,692.26	66,453,136.08	69,755,090.00	2,442,947.00	7/1/2013
SPLOST IV							
Providing funds to pay the costs of construction and equipping (including, but not limited to, furniture, fixtures, equipment,							

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

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED (5)	ESTIMATED COMPLETION DATE
technology infrastructure, computers and related equipment) of new school facilities, including a new elementary school on the eastside of Athens-Clarke County (to be known as Maxine P. Easom Elementary School) and a new elementary school on the westside of Athens-Clarke County to be located on West Vincent Drive; construction of, additions to, renovations of, repairs and improvements to and equipping (including, but not limited to, furniture, fixtures, equipment, technology infrastructure, computers and related equipment) of existing educational buildings, properties and facilities of the School District, which may include, without limitation, existing schools/facilities including, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary Charter School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School - A Performance Learning Center, Athens Community Career Academy, Office of Early Learning, athletic facilities, transportation facilities (including bus driver training facilities), administrative facilities, maintenance facilities and district services facilities; energy conservation systems for School District facilities; technology upgrades and additions to School District facilities; security upgrades to School District facilities; purchase and/or lease payoff of school buses; conversion of School District facilities currently on septic systems to public sewer; acquisition and installation of computer hardware and software for administrative and educational purposes; reimbursement of the School District's expenditures for the strategic plan for facilities acquisition of additional real and personal property, including improved and unimproved land and existing buildings for future school sites; and paying expenses incident thereto (including the payment of any capitalized interest), at a cost of approximately $120,000,000.	$ 120,000,000.00	$ 120,000,000.00	$ 323,377.55	$ 0.00	$ 0.00	$ 0.00	6/30/2017
	$ 311,849,000.00	$ 339,033,377.61	$ 9,813,590.36	$ 171,286,980.60	$ 175,775,936.14	$ 2,518,739.03	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Clarke County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.
Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	$ 18,501,511.21
Current Year	764,925.00
Total	$ 19,266,436.21

(5) SPLOST II projects were completed during FY2012 with total actual expenses of $105,752,365.07. The previous estimated cost was $107,400,736.32.
The surplus of SPLOST proceeds will be used to complete ongoing projects.

(6) SPLOST III projects were completed during FY2012 with total actual expenses of $75,024,828.34. The previous estimated cost was $111,632,641.29.
The surplus of SPLOST proceeds will be used to complete ongoing projects.

See notes to the basic financial statements.

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

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 4,884,040.00	$ 5,451,536.09	$ 47,433.66	$ 5,498,969.75
Kindergarten Program-Early Intervention Program	587,127.00	329,414.27	2,473.85	331,888.12
Primary Grades (1-3) Program	8,594,707.00	14,728,550.51	93,234.99	14,821,785.50
Primary Grades-Early Intervention (1-3) Program	2,232,366.00	1,772,318.85	9,512.18	1,781,831.03
Upper Elementary Grades (4-5) Program	3,661,157.00	7,252,215.95	59,414.69	7,311,630.64
Upper Elementary Grades-Early Intervention (4-5) Program	1,578,101.00	1,563,783.36	3,853.89	1,567,637.25
Middle School (6-8) Program	5,974,258.00	9,799,758.70	47,752.28	9,847,510.98
High School General Education (9-12) Program	5,295,368.00	9,055,559.34	166,859.37	9,222,418.71
Vocational Laboratory (9-12) Program	1,711,530.00	1,801,905.25	212,722.77	2,014,628.02
Students with Disabilities	10,218,863.00			
Category I		30,313.65	12,713.19	43,026.84
Category II		535,753.40	5,600.12	541,353.52
Category III		13,917,396.39	49,834.69	13,967,231.08
Category IV		108,765.68	8,858.81	117,624.49
Category V			11,082.86	11,082.86
Gifted Student - Category VI	4,341,269.00	3,920,513.46	28,386.37	3,948,899.83
Remedial Education Program	716,203.00	618,190.26	423.81	618,614.07
Alternative Education Program	479,335.00	64,509.82	1,358,238.63	1,422,748.45
English Speakers of Other Languages (ESOL)	2,022,934.00	2,171,516.34	18,830.63	2,190,346.97
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 52,297,258.00	$ 73,122,001.32	$ 2,137,226.79	$ 75,259,228.11
Media Center Program	1,370,235.00	2,029,564.49	140,204.56	2,169,769.05
Staff and Professional Development	311,567.00	119,471.37	343,051.08	462,522.45
TOTAL QBE FORMULA FUNDS	$ 53,979,060.00	$ 75,271,037.18	$ 2,620,482.43	$ 77,891,519.61

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

July 2, 2013

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

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County Board of Education as of and for the year ended June 30, 2012, which collectively comprise Clarke County Board of Education's basic financial statements and have issued our report thereon dated July 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Clarke County Board of Education in a separate letter dated July 2, 2013.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2012YB-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

July 2, 2013

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

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

Ladies and Gentlemen:

Compliance

We have audited Clarke County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. Clarke County Board of Education's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Clarke County Board of Education's management. Our responsibility is to express an opinion on Clarke County Board of Education's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Greg S. Griffin
State Auditor

GSG:as
2012SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-6291-10-01	Previously Reported Corrective Action Implemented
FS-6291-11-01	Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FA-6291-11-01	Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

ALLOWABLE COSTS/COST PRINCIPLES
Time and Attendance Records not Utilized
U. S. Department of Education
Through Georgia Department of Education
Special Education Cluster (CFDA 84.027, 84.173, 84.391 and 84.392)
Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Finding Control Number: FA-6291-11-01

The School District has reviewed the semi-annually certification process for the Special Education Cluster and Title 1, Part A Cluster employees to assure that the form is completed on a timely basis with all supporting documentation related to wages paid for one Federal award, or a Federal award and a non-Federal award. We revised our practice to include the signature of the semi-annual certificate and the inclusion of personnel activity reports (PARs) or equivalent documentation. This process was implemented within the fiscal year 2012 school year.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: $746,784.94

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.