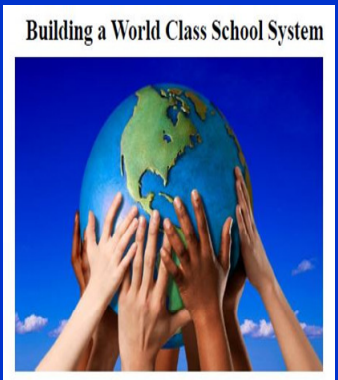


RICHMOND COUNTY BOARD OF EDUCATION AUGUSTA, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2013
(Including Independent Auditors' Reports)

RICHMOND COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

SECTION I

FINANCIAL

INDEPENDENT AUDITORS' REPORT 1-3

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS ..... i-xii

EXHIBITS

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

A STATEMENT OF NET POSITION 4

B STATEMENT OF ACTIVITIES 5-6

C FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS 7

D RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION 8

E STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS 9

F RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES 10

G STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS 11

H STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS 12

I NOTES TO THE BASIC FINANCIAL STATEMENTS 13-34

RICHMOND COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND	35
2	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	36-38
3	SCHEDULE OF STATE REVENUE	39-40
4	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	41
5	GENERAL FUND – QUALITY BASIC EDUCATION PROGRAMS (QBE) ALLOTMENTS AND EXPENDITURES - BY PROGRAM	42

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

INDEPENDENT AUDITORS' 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 43-44

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 45-46

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS 47

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 48

RICHMOND COUNTY

BOARD OF EDUCATION

864 Broad Street-4th Floor
Augusta, Georgia 30901-1215 (706)
826-1124-Fax: (706) 826-4613

VENUS CAIN
President

FRANK G. ROBERSON, Ph. D.
Superintendent of Schools

HELEN MINCHEW
Vice-President

Board of Trustees of the Richmond County Board of Education

Citizens of Richmond County, Georgia

We are pleased to submit the annual financial report for the Richmond County School System for the year ended June 30, 2013. This report has been prepared by the Finance and Accounting Department in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) in compliance with O.C.G.A.§S0-6-6. We believe that the information presented is accurate in all material aspects and sets forth the financial position of the school system for the fiscal year ended June 30, 2013. The notes to the financial statements endeavor to provide information necessary to enable the reader to acquire the maximum level of understanding of the School System's financial activity. Internal controls have been established to provide reasonable assurances that the financial statements are free of material misstatements.

The basic financial statements and accompanying notes have been examined by Serotta Maddocks Evans Co., CPA's. Serotta Maddocks Evans Co., CPA's have issued an unqualified opinion on the financial statements of the Richmond County School System for the fiscal year ended June 30, 2013. Their report is included under Section 1.

Readers of this financial report are encouraged to review Management's Discussion and Analysis which follows the independent auditor's report. The responsibility for the accuracy and completeness of the financial statements, including all note disclosures, rests with the administration of the school system.

Respectfully submitted,

Frank G. Roberson

Frank Roberson, Ph.D.
Superintendent

Introductory Section



Augusta, GA is the second largest and oldest city in Georgia with a population of about 200,000. Situated on the bank of the Savannah River, Augusta is best known as the Garden City and home of the Masters Golf Tournament held the first full week in April. It is also known for its rich medical heritage and the Fort Gordon military installation.

Chartered in 1783, Richmond County Military Academy is listed in the U.S. National Register of Historic Places. It is one of the oldest existing public high schools in the United States.

Mission
The mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

Vision
Create a world-class school system where 90 percent of students graduate, are college/career ready and globally competitive.

Belief Statements

- Every student will learn.
- Every student has the right to a quality education.
- Education is the shared responsibility of the individual, home, school, and community.
- Respect and acceptance are essential for learning and personal development.
- A safe, orderly, and healthy environment is essential to learning.
- Communication is the key to understanding among people.
- Excellence cannot be compromised.
- Technology is the key to essential growth and achievement.

Superintendent



Dr. Frank G. Roberson

Education

Master of Education	1985	University of South Carolina Columbia, South Carolina
Doctor of Philosophy	1992	University of South Carolina Columbia, South Carolina

"As superintendent of schools, I will endeavor to carry out the mission of the school board and, in collaboration with all stakeholders, build high-quality educational opportunities for the community's children that will prepare them for the challenges of an ever-changing world. I am viewed by others as a dynamic, innovative leader who will inspire excellence in every area of the system toward the creation of a world-class operation."



School Board Profile

The Board of Education of the City of Augusta is composed of ten citizens representing each of the city systems and each serving four-year terms. The Board of Education is a policy-making body and serves as a legislative body in the development and evaluation of policies. While the board is responsible for school programs and operations by law, it delegates some portion of that authority to the Superintendent. The board is governed by a President and a Vice-President who are elected by and from the board membership every two years on the Saturday preceding the second Thursday in January. As representatives of the people, board members are responsible for ensuring that school system operations are efficient, financially and legally sound, and focused on the best interest of Richmond County's children.



Board Members

Venus Cain, President District 9 (At Large, Districts 1, 2, 4, 5)

Helen Minchew, Vice-President District 10 (At Large, Districts 3, 6, 7, 8)

Jimmy Atkins, District 8

Marion E. Barnes, District 1

Eloise K. Curtis, District 2

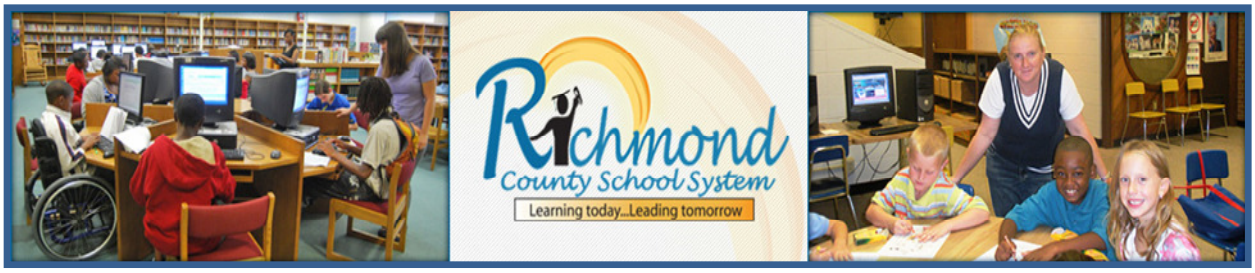
Frank Dolan, District 7

Alex Howard, District 3

Jack Padgett, Jr., District 6

Barbara Pulliam, District 4

Patsy Scott, District 5



The mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

STUDENT DEMOGRAPHICS

Total Enrollment–31,089

Grade Range: PreK-12th

SCHOOLS

Comprehensive High Schools	8
Middle	9
Elementary	34
Magnet	4
Special	1
Charter	1

STUDENT DEMOGRAPHICS

African American	73.0%
Asian	1.0%
Hispanic	3.0%
Multiracial	2.0%
Native American	0.0%
White	20.0%

STUDENT ENROLLMENT IN SPECIAL PROGRAMS

Students with Disabilities	9.0%
Gifted Program	1.8%
Limited English Proficient	0.3%
Eligible for Free/Reduced Meals	78.0%
Remedial Education (9-12)	17.9%
Remedial Education (6-8)	4.5%

FINANCIAL SECTION

Michelle Bennett, CPA
Rick L. Evans, CPA
E. J. Maddocks, CPA
Jay Sanders, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through xii and page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richmond County Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules 3 through 5, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules 3 through 5, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules 3 through 5, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the Richmond County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richmond County Board of Education's internal control over financial reporting and compliance.

Serotta Maddocks Evans + Co.

SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia
December 17, 2013

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

The discussion and analysis of the Richmond County Board of Education's financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers are encouraged to review the transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements to enhance their understanding of the School System's financial performance.

The basic financial statements are comprised of three components:

1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
2) Fund financial statements.
3) Notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2013 are as follows:

On the government-wide financial statements:

- Due to financial constraints, the School System has increased class sizes, cut positions and continued using furlough days to compensate for the reductions in state funding and a flat tax base.

- In a comprehensive tax reform bill, state legislators changed the method of taxing motor vehicles. As of March 1, 2013, the state implemented a Title Advalorem Tax of 6.5% in lieu of the state sales tax and annual vehicle advalorem tax. The Title Advalorem Tax applies when ownership of the vehicle changes and applies to dealer and private sales.

- The School System's assets exceeded its liabilities by $548.6 million at June 30, 2013. This represents an increase in net position of $2.0 million.

- Total Revenues decreased by $12.7 million. Program-specific revenues decreased by $9.5 million and general revenues decreased by $3.2 million.

- Total net position includes the following:

    1) Capital assets net of related debt of $476.6 million, include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the construction or purchase of capital assets.

2) Restricted net position of $55.8 million, constraints which are imposed outside of the School System. This includes restrictions for debt covenants and continuance of grants, and capital projects.
3) Unrestricted net assets of $16.2 million represent the net position available to sustain the School System's continuing obligations to its citizens and creditors.

On the fund financial statements:

- The School System's General Fund reported a fund balance of $33.1 million at June 30, 2013 which represents a decrease of $4.0 million from the prior fiscal year.

The financial highlights noted above are explained in more detail within the financial analysis section of this document.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, the government-wide, and fund statements, and notes to those statements.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities are designed to illustrate the School System as an aggregate of its financial activities and present a longer-term view of its finances. Increases or decreases to net position may provide an informative indicator of the financial position of the school system as a whole.

The next level of detail is provided by the fund financial statements. These statements reflect the short-term finances as well as the balances available for future needs. Fund financial statements are useful in assessing annual financing requirements and the commitment of existing spendable resources. The fund level statements report the School System's operations in more detail than the government-wide statements.

The notes to the financial statements serve to supplement and clarify the information contained within the financial statements and will provide the reader a more comprehensive understanding of the School System's financial position.

Figure 1 summarizes the significant features of the Richmond County Board of Education's annual financial statements and provides information on the School System's activities and the types of information found in the financial statements.

Figure 1.
Significant Features of the Government-Wide and Fund Level Financial Statements

	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School System (excluding fiduciary funds)	The activities of the School System that are not proprietary or fiduciary. This includes instruction, support services, administration, transportation, and maintenance.	Funds for which the School System administers resources on behalf of someone else. This includes scholarships and student funds.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities(financial, capital, short-term and long-term)	Generally includes assets expected to be consumed and liabilities that are due within the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities. Includes short-term and long term and may include capital assets.
Type of Inflow/Outflow Information	All revenues and expenditures earned or incurred during the fiscal year regardless of when cash is received or paid out.	Revenues for which cash is received during the year or soon thereafter. Expenditures for which goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid out.

REPORTING THE SCHOOL SYSTEM AS A WHOLE (GOVERNMENT-WIDE)

Statement of Net Position and the Statement of Activities

The analysis of the School System as a whole looks at all financial transactions and enables the reader of the financial statements to ascertain whether the School System's financial position has improved or diminished. The statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This methodology is similar to the accounting of most private-sector businesses. This basis of accounting considers all the current year's revenues and expenses regardless of when cash is received or paid. There are many factors affecting the financial position of the School System. Some of these factors include the property tax laws, re-evaluation of property, state law requiring the reduction of class sizes, state austerity reductions, state and federal mandates that are unfunded, the age and condition of school facilities, and the economy of the area.

The Statement of Net Position and the Statement of Activities are normally divided into two distinct types of activities, governmental and business type activities. All of the School System's activities are reflected as governmental activities. The governmental activities of the Richmond County Board of Education are financed through taxes, state QBE funds, competitive and non-competitive grants.

The Statement of Net Position provides information about the overall financial activities of the School System; whereas, the Statement of Activities provides a comparison of direct expenses and program revenues. Direct expenses are incurred in association with a specific program or function.

REPORTING THE SCHOOL SYSTEM'S MOST SIGNIFICANT FUNDS (FUND FINANCIALS)

Governmental Funds: The fund financial statements provide detailed information about the School System's major funds. The School System's major governmental funds are the General Fund, District-wide Capital Projects Fund, and the Debt Service Fund.

Most of the School System's activities are reported in governmental funds. These funds are reported using an accounting methodology called modified accrual accounting. This methodology measures cash and financial assets that can be readily converted to cash. The fund statements offer a short-term view of the School System's financial activities. A reconciliation of net changes in governmental fund balances to the governmental activities changes in net position illustrate the relationships (or differences) between the governmental activities reported in the Statement of Net Position and the Statement of Activities to the governmental funds presented in the fund financial statements.

Fiduciary Funds: The School System serves as a fiduciary for the Davidson Trust, Linda Gail Hendrick Scholarship, Nora Coxwell Scholarship, Robetta McKenzie Scholarship, Sarah Craig Scholarship, Charles Larke Scholarship, Melinda Williams Scholarship, and other miscellaneous scholarships. The Davidson Trust is used to account for the principal and earnings which may be expended to provide financial assistance to needy students of Davidson Fine Arts Magnet School. The principal and earnings of the other scholarship funds may be expended to provide scholarships for selected students. The School System also holds assets in a custodial capacity for various governments, employees, and students.

These activities are reported in a separate statement of Fiduciary Net Position and Changes in Net Position. The School System has excluded these activities from the School System's other financial statements because the school system may not use these assets to finance its operations.

THE SCHOOL SYSTEM AS A WHOLE

The Statement of Net Position provides the prospective of the School System as a whole.

Table 1 provides a comparative summary of the School System's net position for fiscal years 2013 and 2012.

TABLE 1
NET POSITION
(in Thousands)

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012
Assets		
Current and Other Assets	$ 253,127	$ 283,863
Capital Assets, Net	484,149	488,219
Total Assets	$ 737,276	$ 772,082
Liabilities		
Current and Other Liabilities	$ 43,116	$ 44,513
Long-Term Liabilities	145,558	180,967
Total Liabilities	$ 188,674	$ 225,480
Net Position		
Net Investments in Capital Assets	$ 476,567	$ 454,170
Restricted	55,802	73,052
Unrestricted	16,233	19,380
Total Net Position	$ 548,602	$ 546,602

The School System's net position increased by $2.0 million. This increase may be attributed to the collection of SPLOST proceeds and an increase in unrestricted assets.

Table 2 shows the comparative changes in net position for fiscal years 2013 and 2012.

TABLE 2
CHANGE IN NET POSITION
(in Thousands)

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012
Revenues		
Program Revenues		
Charges for Services	$ 2,091	$ 2,438
Operating Grants and Contributions	184,646	193,026
Capital Grants and Contributions	381	1,181
Total Program Revenues	$ 187,118	$ 196,645
General Revenues		
Taxes		
Property Taxes	$ 81,571	$ 80,469
Sales Tax	38,045	39,334
Grants and Contributions not Restricted	11,803	15,118
Investment Earnings	4,267	4,843
Miscellaneous	3,360	2,454
Total General Revenues	$ 139,046	$ 142,218
Total Revenues	$ 326,164	$ 338,863
Program Expenses		
Instruction	$ 186,873	$ 193,866
Support Services		
Pupil Services	10,581	9,638
Improvement of Instruction	17,141	16,755
Educational Media Services	7,533	6,539
General Administration	2,197	2,871
School Administration	18,159	18,250
Business Administration	2,069	1,589
Maintenance and Operations of Plant	36,075	32,549
Student Transportation Services	12,159	10,718
Central Support Services	3,631	2,986
Other Support Services	1,724	2,168
Operations of Non-Instructional Services		
Community Services	1,528	956
Food Services	18,437	16,599
Interest on Short-Term and Long-Term Debt	6,057	4,567
Total Expenses	$ 324,164	$ 320,051
Change in Net Position	$ 2,000	$ 18,812

Governmental Activities

The Statement of Activities details the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Cost of service comparisons are provided for fiscal years 2012 and 2013.

TABLE 3
Governmental Activities
(In Thousands)

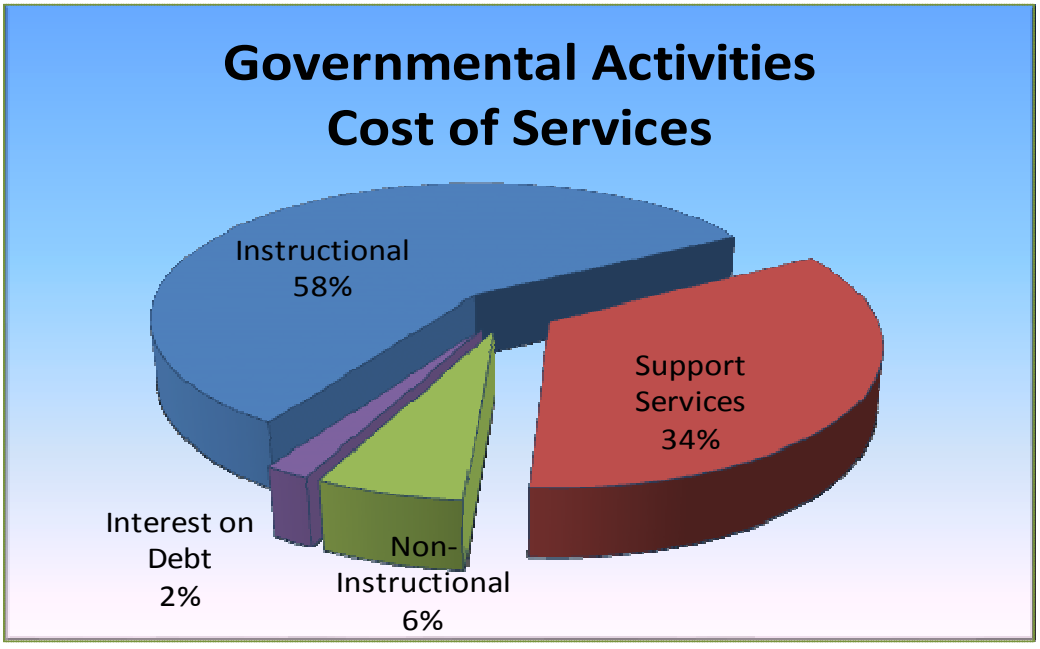
	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2012
Instructional	$ 186,873	$ 193,866	$ 74,898	$ 71,291
Support Services				
Pupil Services	10,581	9,638	6,550	5,852
Improvement of Instruction	17,141	16,755	1,013	1,316
Educational Media Services	7,533	6,539	2,972	2,391
General Administration	2,197	2,871	-2,114	-1,265
School Administration	18,159	18,250	6,972	6,027
Support Services Business	2,069	1,589	1,904	1,381
Maintenance and Operation of Plant	36,075	32,549	24,563	20,565
Student Transportation	12,159	10,718	7,836	6,059
Central Support Services	3,631	2,986	3,415	2,719
Other Support Services	1,724	2,168	50	74
Operations of Non-Instructional Services				
Community Services	1,528	956	1,425	843
Food Services	18,437	16,599	1,505	1,586
Interest on Short-Term and Long-Term Debt	6,057	4,567	6,057	4,567
Total Expense	$ 324,164	$ 320,051	$ 137,046	$ 123,406

The State's Quality Basic Education Funding (QBE) is not sufficient to provide basic education services or to provide adequate maintenance of the school system's facilities. To provide further funding, the School System levies a millage rate of 19.110 mills in addition to a 1% Education Special Purpose Local Option Sales Tax (SPLOST) authorized by local referendum.

The net cost reflects the financial burden placed on the School System's local taxpayers. The increase in the net cost of services indicates that the School System's taxpayers have had to provide a larger percentage of the total cost of services.

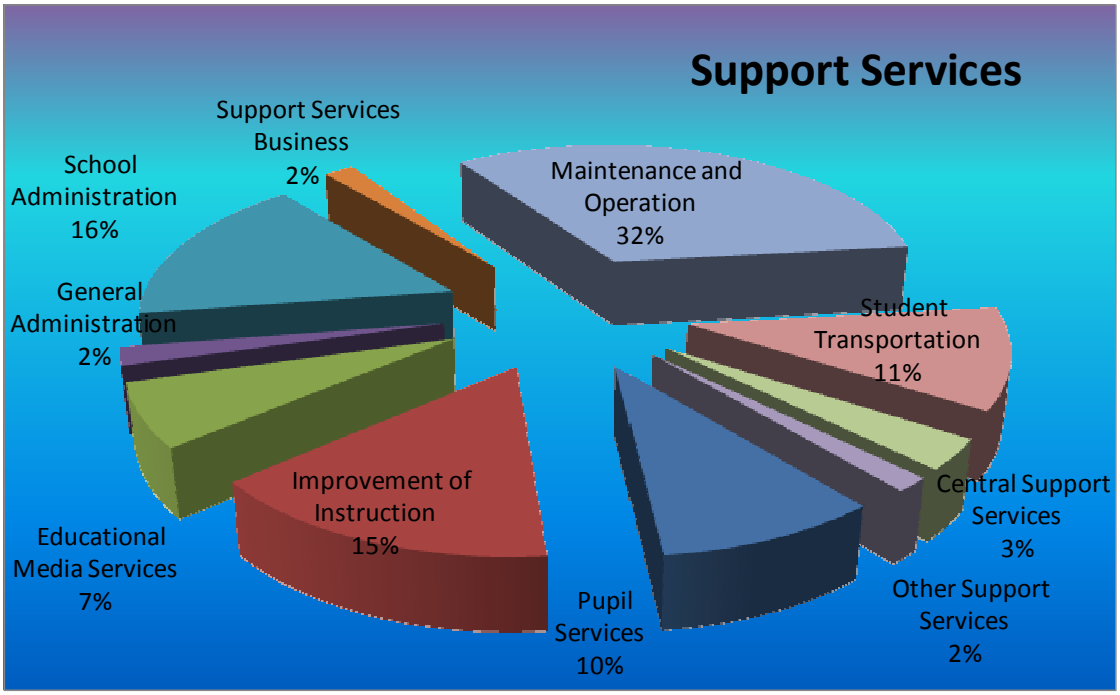
The School System is dependent upon operating grants and property taxes to support governmental activities. Richmond County partnered with the State of Georgia and 25 other school systems in the submission of an application for Race to the Top funds. The state received $400 million of which half was distributed among the 26 participating school systems. The implementation addressed four areas of education reform: 1) recruiting and retaining teachers, 2) adopting standards and assessments to help students compete and succeed globally, 3) building data systems, and 4) turning around the lowest-achieving schools. Funding from the Race to the Top grant will be available for one more year.

Figure 2.



Instruction expenditures include activities related to the interaction between students and teachers. Instruction expenditures account for the largest percentage of the cost of service for governmental activities.

Figure 3.



Support services include activities that assess and supplement the teaching process, assist teachers in developing and evaluating the technique of providing instruction, operation of the educational media centers, administration of the policy of the School System, maintenance of the fiscal responsibilities of the School System, transportation costs, and upkeep of the grounds and facilities.

THE SCHOOL SYSTEM'S FUNDS

The School System's funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of $323.8 million and expenditures and other financing uses of $351.8 million. The general fund's fund balance reflected a decrease of $4.0 million, and the district-wide capital projects funds decreased by $24.1 million.

The general fund operations decrease may be attributed to a reduction in state and federal revenues.

The capital fund operations decrease is related to a decrease in the collections of the 1% Education SPLOST and to the completion of several projects addressed in the Phase 3 Bond and Sales Tax issuance.

GENERAL FUND BUDGETING HIGHLIGHTS

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. Throughout fiscal year 2013, the School System amended its general fund budget several times. The most significant changes were attributed to the receipt of funds from the Race to the Top grant award and the carry forward of Title 1 Funds. Site-based budgeting is used by the School System and is designed to tightly control total site budgets but allow some management flexibility. The School System's top management monitors a detailed report comparing actual revenues and expenditures to budget on a monthly basis. Site management has access to this information on a demand basis through a report available using the School System's accounting software.

For the general fund, the final budgeted revenues of $300.1 million exceeded the original budget of $282.9 million by $17.2 million. The budgeted revenues exceeded the actual revenues by $14.2 million. In FY 2013, the state continued to reduce the Quality Basic Education (QBE) funding to local School Systems. Throughout the year, the School System made a concerted effort to reduce expenditures and was successful in mitigating the loss of funding through the reduction of spending and furloughing staff. The actual expenditures were $29.9 million less than the budgeted amount. The significant difference in the comparison of the budget to actual expenditures is the result of many of the federal program funds being budgeted for periods exceeding the fiscal year or crossing two fiscal years. The actual fund balance decreased by $4.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2013, the School System had capital assets of $484.1 million, net of accumulated depreciation.

Table 4 shows comparative statements for 2013 and 2012.

TABLE 4
CAPITAL ASSETS
(Net of Depreciation, in Thousands)

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012
Land	$ 15,310	$ 15,270
Construction Work in Progress	5,305	47,333
Works of Art	42	42
Building and Building Improvements	427,161	400,266
Equipment	22,999	15,247
Land Improvements	13,332	10,061
Total Capital Assets, Net of Depreciation	$ 484,149	$ 488,219

The primary increases occurred in buildings and building improvements and construction work in progress. Due to funding from a Special Purpose Local Option Sales Tax and a bond issue, the School System is building and renovating numerous schools.

Debt

At June 30, 2013, the School System had $130.5 million in general obligation bonds, with $24.7 million due within one year. Debt comparisons between fiscal year 2013 and 2012 are shown below.

TABLE 5
DEBT
(in Thousands)

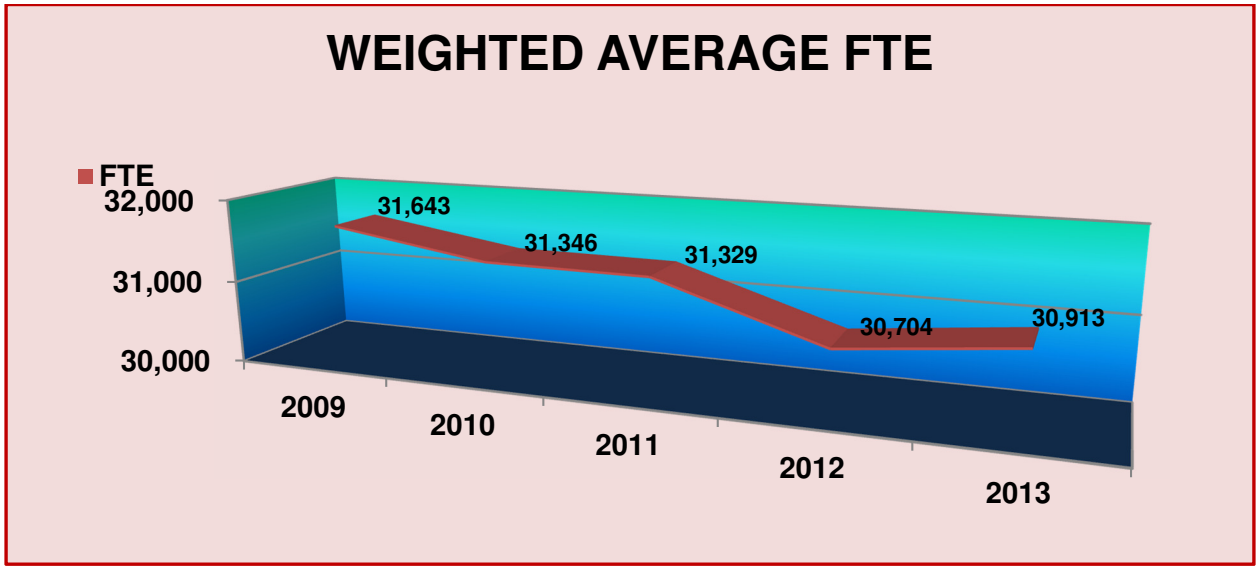
	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012
General Obligation Bonds	$ 130,515	$ 162,515
Compensated Balances	1,642	1,701
Unamortized Bond Premium	13,401	16,751
Total Debt	$ 145,558	$ 180,967

CURRENT ISSUES

The Richmond County Board of Education has maintained its economic stability by budgeting conservatively and monitoring its expenditures. An area of concern is the State of Georgia's continued amended formula reduction to the QBE funding formula. For fiscal year 2013, the amended formula adjustment was $22.7 million. To address continued reductions in state funding, the School System is increasing the millage rate from 19.110 mills to 19.982 for FY 2014.

Another area of concern is the increase in the cost of providing non-certificated employees health insurance. This cost has been increasing $1.8 million per year and is estimated to be approximately $7.0 million for FY 2014.

The School System showed a slight increase in the weighted average of full-time equivalent students. From 2012 to 2013 the weighted average of full-time equivalent students increased by 209 students. The figure shown below shows the trend in the School System's enrollment.



Contacting the School System's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and to reflect the School System's accountability for the funds it receives. For questions about this report or additional financial information, please contact the Director of Finance and Accounting, Richmond County Board of Education, 864 Broad Street, Augusta, GA 30901.


Reaching for World Class
Status!

BASIC FINANCIAL STATEMENTS

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITON
JUNE 30, 2013

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 186,881,625.15
Investments	29,921,416.78
Accounts Receivable, Net	
Taxes	6,315,301.79
State Government	18,174,752.73
Federal Government	9,423,784.21
Other	101,023.97
Inventories	934,866.62
Deferred Charges	1,373,920.72
Capital Assets, Non-Depreciable	20,658,032.74
Capital Assets, Depreciable (Net of Accumulated Depreciation)	463,491,004.49
Total Assets	$ 737,275,729.20
LIABILITIES	
Accounts Payable	$ 2,974,904.49
Salaries and Benefits Payable	34,770,894.86
Payroll Withholdings Payable	2,257,153.70
Contracts Payable	2,039,537.98
Retainages Payable	949,979.61
Deposits and Deferred Revenues	123,060.79
Long-Term Liabilities	
Due Within One Year	28,080,194.92
Due in More Than One Year	117,477,856.58
Total Liabilities	$ 188,673,582.93
NET POSITION	
Net Investment in Capital Assets	$ 476,567,120.38
Restricted for	
Continuation of Federal Programs	3,928,784.45
Debt Service	27,760,464.94
Capital Projects	24,112,244.63
Unrestricted (Deficit)	16,233,531.87
Total Net Position	$ 548,602,146.27

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

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

	EXPENSES
GOVERNMENTAL ACTIVITIES	
Instruction	$ 186,872,693.23
Support Services	
Pupil Services	10,580,744.23
Improvement of Instructional Services	17,141,491.97
Educational Media Services	7,532,699.43
General Administration	2,196,694.34
School Administration	18,159,123.83
Business Administration	2,068,699.33
Maintenance and Operation of Plant	36,075,549.40
Student Transportation Services	12,159,099.50
Central Support Services	3,631,336.66
Other Support Services	1,724,150.38
Operations of Non-Instructional Services	
Community Services	1,527,720.25
Food Services	18,437,080.42
Interest on Short-Term and Long-Term Debt	6,056,677.08
Total Governmental Activities	$ 324,163,760.05
General Revenues	
Taxes	
Property Taxes	
For Maintenance and Operations	
Other Taxes	
Sales Taxes	
Special Purpose Local Option Sales Tax	
For Capital Projects	
Other Sales Tax	
Grants and Contributions not Restricted to Specific Programs	
Investment Earnings	
Miscellaneous	
Total General Revenues	
Change in Net Position	
Net Position - Beginning of Year	
Net Position - End of Year	

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

EXHIBIT "B"

PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
$ 574,577.37	$ 111,399,788.08		$ -74,898,327.78
	4,031,093.50		-6,549,650.73
	16,128,308.06		-1,013,183.91
	4,560,741.24		-2,971,958.19
	4,310,856.33		2,114,161.99
	11,187,144.78		-6,971,979.05
	165,051.21		-1,903,648.12
	11,512,151.79		-24,563,397.61
	3,942,244.84	$ 381,170.00	-7,835,684.66
	216,135.09		-3,415,201.57
	1,673,838.79		-50,311.59
	102,459.14		-1,425,261.11
1,516,198.95	15,415,875.13		-1,505,006.34
	0.00		-6,056,677.08
$ 2,090,776.32	$ 184,645,687.98	$ 381,170.00	$ -137,046,125.75
			$ 80,640,676.36
			930,152.11
			36,617,688.32
			1,427,111.26
			11,803,049.00
			4,267,407.04
			3,359,943.40
			$ 139,046,027.49
			$ 1,999,901.74
			546,602,244.53
			$ 548,602,146.27

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 39,667,620.85	$ 147,213,914.36	$ 89.94	$ 186,881,625.15
Investments	2,941,843.64	26,979,573.14		29,921,416.78
Accounts Receivable				
Taxes	3,489,807.81	2,825,493.98		6,315,301.79
State Government	18,059,458.03	115,294.70		18,174,752.73
Federal Government	9,024,552.45	399,231.76		9,423,784.21
Interfund	194,351.30			194,351.30
Other	101,023.97			101,023.97
Inventories	934,866.62			934,866.62
Total Assets	$ 74,413,524.67	$ 177,533,507.94	$ 89.94	$ 251,947,122.55
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,974,904.49			$ 2,974,904.49
Salaries and Benefits Payable	34,770,894.86			34,770,894.86
Payroll Withholdings Payable	2,257,153.70			2,257,153.70
Interfund Payable		$ 194,351.30		194,351.30
Contracts Payable		2,039,537.98		2,039,537.98
Retainages Payable		949,979.61		949,979.61
Deposits and Deferred Revenue	1,317,157.21			1,317,157.21
Other Liabilities		0.00		0.00
Total Liabilities	$ 41,320,110.26	$ 3,183,868.89		$ 44,503,979.15
FUND BALANCES				
Nonspendable	$ 934,866.62			$ 934,866.62
Restricted	3,576,299.81	$ 174,349,639.05	$ 89.94	177,926,028.80
Assigned	12,714,837.42			12,714,837.42
Unassigned	15,867,410.56			15,867,410.56
Total Fund Balances	$ 33,093,414.41	$ 174,349,639.05	$ 89.94	$ 207,443,143.40
Total Liabilities and Fund Balances	$ 74,413,524.67	$ 177,533,507.94	$ 89.94	$ 251,947,122.55

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 207,443,143.40
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 15,310,486.44	
Construction in Progress	5,305,546.30	
Land Improvements	20,596,863.74	
Buildings	576,498,845.99	
Equipment	50,656,913.32	
Works of Art and Historical Collections	42,000.00	
Accumulated Depreciation	-184,261,618.56	
Total Capital Assets		484,149,037.23
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		1,194,096.42
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 and Notes Payable	$ -130,515,000.00	
Bond Issuance Costs, Net of Amortization	1,373,920.72	
Compensated Absences Payable	-1,642,271.82	
Bond Premiums, Net of Amortization	-13,400,779.68	
Total Long-Term Liabilities		-144,184,130.78
Net Position of Governmental Activities (Exhibit "A")		$ 548,602,146.27

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 82,524,772.80			$ 82,524,772.80
Sales Taxes	1,427,111.26	$ 36,617,688.32		38,044,799.58
State Funds	143,428,229.03			143,428,229.03
Federal Funds	52,955,100.75			52,955,100.75
Charges for Services	2,090,776.32			2,090,776.32
Investment Earnings	115,809.20	797,086.87		912,896.07
Miscellaneous	3,351,170.43	421,718.89	$ 1.20	3,772,890.52
Total Revenues	$ 285,892,969.79	$ 37,836,494.08	$ 1.20	$ 323,729,465.07
EXPENDITURES				
Current				
Instruction	$ 177,968,020.73	$ 3,248,705.80		$ 181,216,726.53
Support Services				
Pupil Services	9,115,394.72	579,743.20		9,695,137.92
Improvement of Instructional Services	17,141,491.97	0.00		17,141,491.97
Educational Media Services	5,877,534.84	1,103,347.51		6,980,882.35
General Administration	2,176,119.18	5,163.40		2,181,282.58
School Administration	16,807,327.12	226,487.19		17,033,814.31
Business Administration	1,606,781.39	97,721.00		1,704,502.39
Maintenance and Operation of Plant	25,698,650.51	1,928,947.32		27,627,597.83
Student Transportation Services	10,855,546.98	839,728.04		11,695,275.02
Central Support Services	2,944,117.00	22,186.80		2,966,303.80
Other Support Services	1,724,150.38			1,724,150.38
Community Services	102,459.14			102,459.14
Food Services Operation	17,886,994.50			17,886,994.50
Capital Outlay		15,795,992.12		15,795,992.12
Debt Services				
Principal			$ 32,000,000.00	32,000,000.00
Dues and Fees			1,275.00	1,275.00
Interest			6,055,402.08	6,055,402.08
Total Expenditures	$ 289,904,588.46	$ 23,848,022.38	$ 38,056,677.08	$ 351,809,287.92
Excess of Revenues over (under) Expenditures	$ -4,011,618.67	$ 13,988,471.70	$ -38,056,675.88	$ -28,079,822.85
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	$ 33,631.29			33,631.29
Insurance Proceeds				
Capital Leases				
Transfers In			$ 38,055,403.08	$ 38,055,403.08
Transfers Out		$ -38,055,403.08		-38,055,403.08
Total Other Financing Sources (Uses)	$ 33,631.29	$ -38,055,403.08	$ 38,055,403.08	$ 33,631.29
Net Change in Fund Balances	$ -3,977,987.38	$ -24,066,931.38	$ -1,272.80	$ -28,046,191.56
Fund Balances - Beginning	37,071,401.79	198,416,570.43	1,362.74	235,489,334.96
Fund Balances - Ending	$ 33,093,414.41	$ 174,349,639.05	$ 89.94	$ 207,443,143.40

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

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

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -28,046,191.56
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	$ 10,881,377.36	
Depreciation Expense	-14,950,877.14	
Excess of Capital Outlay over Depreciation Expense		-4,069,499.78
Only the portion of the arbitrage rebate tax liability that represents the use of current financial resources would be reported at the fund level.		4,314.85
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-953,944.33
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 Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Bond Issuance Costs	$ -343,480.19	
Amortization of Bond Premium	3,350,194.92	
Total Bond Issuance Costs		3,006,714.73
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements		32,000,000.00
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:		
Increase (Decrease) in Compensated Absences		58,507.83
Change in Net Position of Governmental Activities (Exhibit "B")		$ 1,999,901.74

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

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 54,232.43	$ 675,271.63
Total Assets	$ 54,232.43	$ 675,271.63
LIABILITIES		
Funds Held for Others		$ 675,271.63
NET POSITION		
Held in Trust for Private Purposes	$ 54,232.43	$
Total Liabilities and Net Position	$ 54,232.43	$ 675,271.63

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FUDICIARY FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	$ 87.27
DEDUCTIONS	
Scholarships	$ 3,105.00
Change in Net Position	$ -3,017.73
Net Position - Beginning	57,250.16
Net Position - Ending	$ 54,232.43

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

Note 1: DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY

REPORTING ENTITY

The Richmond County Board of Education (School System) 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 System 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 System'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 Richmond County Board of Education.

District-wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School System, 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 non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School System'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 System related to the administration and support of the School System'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 System's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and

fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School System reports the following major governmental funds:

- General Fund is the School System's primary operating fund. It accounts for all financial resources of the School System, except those resources required to be accounted for in another fund.

- District-wide Capital Projects Fund accounts for financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), Bond Proceeds, and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School System reports the following fiduciary fund types:

- Private Purpose Trust fund reports a trust arrangement under which principal and income may be expended to provide scholarships for selected students.

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

BASIS OF ACCOUNTING

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

The School System 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 System considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School System considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School System 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 System's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2013, the School System adopted the Governmental Accounting Standards Board (GASB) Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the School System adopted the Governmental Accounting Standards Board (GASB) Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred inflows of resources and their effects on a government's net position.

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 System 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 System 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 and equity investments are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School System 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 System does not have a formal policy regarding investment policies that addresses 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 Richmond County Board of Commissioners adopted the property tax levy for the 2012 tax digest year (calendar year) on 09/04/2012 (levy date). Taxes were due on 11/15/2012 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2012 tax digest are reported as revenue in the governmental funds for fiscal year 2012. The Richmond County Tax Commissioner bills and collects the property taxes for the School System, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2013, for maintenance and operations amounted to $81,514,380.83.

Tax millage rates levied for the 2012 tax year (calendar year) for the Richmond County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	19.110 mills

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $36,617,688.32 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.

TITLE ADVALOREM TAXES

The 2012 Georgia General Assembly provided for a new method of taxing motor vehicles effective March 1, 2013. Motor vehicles that are purchased and titled in Georgia pay a one-time title advalorem tax on the fair market value of the vehicle in lieu of the sales and use tax and annual advalorem tax. The Title Advalorem Tax, at the fund reporting level, during the year amounted to $930,152.11.

INVENTORIES

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased foods inventories are reported at cost weighted average. The School System 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 System does not capitalize book collections. 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 System.

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

	Capitalization Policy	Estimated Useful Life
Personal Property (Equipment)	$ 5,000	5 to 30 years
Buildings & Building Improvements	$ 100,000	25 to 50 years
Land Improvements	$ 5,000	20 years
Land	$ Any amount	N/A
Vehicles	$ 5,000	8 years
Infrastructure	$ 1,000,000	65 years
Works of Art	$ Any amount	N/A
Intangible Assets	$ 1,000,000	5 years

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.

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 systems. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School System's financial statements.

Vacation leave of 12 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days unless otherwise approved by management.

	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2011	$ 1,724,384.83	$ 1,161,894.56	$ 1,146,282.49	$ 1,739,996.90
2012	$ 1,739,996.90	$ 971,932.59	$ 1,011,149.84	$ 1,700,779.65
2013	$ 1,700,779.65	$ 1,091,290.08	$ 1,149,797.91	$ 1,642,271.82

GENERAL OBLIGATION BONDS

The School System 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 System 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 Position.

NET POSITION

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

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

Restricted net position - These represent resources for which the School System 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 position - Unrestricted net position 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 System, and may be used at the discretion of the Board to meet current expenses for those purposes.

FUND BALANCES

The School System'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 Systems' *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, 2013, are as follows:

FUND BALANCES		
Nonspendable		
Inventories		$ 934,866.62
Restricted		
Continuation of Federal Programs	3,576,299.81	
Capital Projects	146,589,264.05	
Debt Service	27,760,464.94	177,926,028.80
Assigned		
Employee Benefits	207,054.08	
School Activities	911,603.34	
Subsequent Period Expenditures	11,596,180.00	12,714,837.42
Unassigned		15,867,410.56
Fund Balance, June 30, 2013		$ 207,443,143.40

USE OF ESTIMATES

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

Note 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared by fund, function, and object.

The budget is adopted at the legal level of budgetary control established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with the accounting principles generally accepted in the United States of America.

The budgetary process begins the with School System'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 System's website. At the next 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 or his designee is authorized by the Board to approve adjustments of the amount budgeted for expenditures in any budget object for any fund up to the legal level of budgetary control. 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 Balance Budget and Actual for a detail of the General Fund budget.

Note 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,

3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

The School System does not have a formal policy regarding investment policies that addresses credit risks, custodial risks, concentration of credit risks, interest rates risks or foreign currency risks.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. The School System does not have a formal policy for managing custodial credit risk. At June 30, 2013, the bank balances of $194,610,345.88 were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent but not in the School System's name.

CATEGORIZATION OF INVESTMENTS

The School System's investments as of June 30, 2013, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value
Other Investments	
Equity Securities - Domestic	$ 107,508.35
Investment Pools	
Office of Treasury and Fiscal Services	
Georgia Fund 1	29,796,886.27
Total Investments	$ 29,904,394.62

The Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services is not required to be categorized since the School System did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio and Extended Asset 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 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, 2013, was 43 days.

Note 5: NON-MONETARY TRANSACTIONS

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

Note 6: CAPITAL ASSETS

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

	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013
Governmental Activities				
Capital Assets Not Being Depreciated				
Works of Art	$ 42,000.00	$ 0.00	$ 0.00	$ 42,000.00
Land	15,269,714.61	44,271.83	3,500.00	15,310,486.44
Construction in Progress	47,333,139.56	4,965,925.89	46,993,519.15	5,305,546.30
Total Capital Assets Not Being Depreciated	$ **62,644,854.17**	$ **5,010,197.72**	$ **46,997,019.15**	$ **20,658,032.74**
Capital Assets Being Depreciated				
Buildings and Building Improvements	$ 539,385,272.70	$ 38,191,840.85	$ 1,078,267.56	$ 576,498,845.99
Equipment	41,405,885.98	10,980,488.17	1,729,460.83	50,656,913.32
Land Improvements	16,576,899.72	4,029,509.00	9,544.98	20,596,863.74
Total Capital Assets Being Depreciated	$ **597,368,058.40**	$ **53,201,838.02**	$ **2,817,273.37**	$ **647,752,623.05**
Less Accumulated Depreciation For:				
Buildings and Building Improvements	$ 139,119,061.34	$ 11,010,690.98	$ 791,728.56	$ 149,338,023.76
Equipment	26,159,551.53	3,181,096.62	1,682,360.60	27,658,287.55
Land Improvements	6,515,762.69	759,089.54	9,544.98	7,265,307.25
Total Accumulated Depreciation	$ **171,794,375.56**	$ **14,950,877.14**	$ **2,483,634.14**	$ **184,261,618.56**
Total Capital Assets Being Depreciated Net	$ **425,573,682.84**	$ **38,250,960.88**	$ **333,639.23**	$ **463,491,004.49**
Governmental Activities Capital Assets Net	$ **488,218,537.01**	$ **43,261,158.60**	$ **47,330,658.38**	$ **484,149,037.23**

Current year depreciation expense by function for governmental activities is as follows:

Instruction		$ 3,725,574.03
Support Services		
Pupil Services	$ 569,883.76	
Educational Media Services	405,628.68	
General Administration	9,917.40	
School Administration	724,131.71	
Business/Other	13,331.14	
Maintenance and Operation of Plant	6,355,163.09	
Student Transportation	1,122,805.52	
Support Services - Central	448,354.42	
Community Service	0.00	
Other Support Services	658,938.15	
		$ 10,308,153.87
Food Service Operation		917,149.24
		$ 14,950,877.14

Note 7: INTERFUND TRANSFERS

Inter-fund transfers for the year ended June 30, 2013, consisted of the following:

Transfer From	Transfer To	Amount
District-wide Capital Projects	Debt Service Fund	$ 38,055,403.08

Transfers were used to move District-wide Capital Projects Fund sales tax revenue to the Debt Service Fund for payment of bonds.

Note 8: RISK MANAGEMENT

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

The School System 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 school board legal 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 System pays an annual premium to the system for its school board legal liability insurance coverage. Additional coverage is provided through agreements by the system with the Georgia School Boards Association Risk and Insurance Management System 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 System has elected to self-insure for all losses related to torts.

The School System has established a limited risk management program for workers' compensation claims. The School System accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $500,000.00 loss per occurrence, up to the statutory limit.

Changes in the workers' 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
2012	$ 0.00	$ 1,339,732.73	$ 1,339,732.73	$ 0.00
2013	$ 0.00	$ 1,341,691.95	$ 1,341,691.95	$ 0.00

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2012	$ 0.00	$ 95,917.87	$ 95,917.87	$ 0.00
2013	$ 0.00	$ 78,782.79	$ 78,782.79	$ 0.00

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

Position Covered	Amount
Superintendent	$ 50,000.00
President	$ 50,000.00
Vice-President	$ 50,000.00
Controller	$ 50,000.00
Deputy Superintendent	$ 50,000.00
Director of Accounting	$ 20,000.00
Accounting Supervisors	$ 20,000.00
Each Central Office Bookkeeper	$ 10,000.00
Each Principal	$ 5,000.00
Each School Bookkeeper	$ 5,000.00
Each High School Athletic Manager	$ 5,000.00
Each Lunchroom Manager	$ 3,000.00
Each Middle School Athletic Manager	$ 1,000.00

Note 9: POLLUTION REMEDIATION OBLIGATIONS

The School System sold property located at 2083 Heckle Street, and in accordance with the provisions of the closing documents agreed to remediate the pollution caused by leaking underground storage tanks. In 2005, three groundwater monitoring wells were installed to determine the horizontal and vertical extent of contamination. In June, 2008, a Dual Phase Pump & Treat Vacuum System was put in place to treat the groundwater. The School System will complete the monitoring requirements in fiscal year 2014.

Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
$ 25,392.00	$ 9,860.00	$ 9,860.00	$ 25,392.00	$ 25,392.00

Note 10: LONG-TERM DEBT

COMPENSATED ABSENCES

Compensated absences represent obligations of the School System 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 System 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 2012	2.00% - 5.00%	$ 130,515,000.00

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

	Year Ended June 30, 2013 Governmental Funds			
	Compensated Absences (1)	General Obligation Bonds	Unamortized Bond Premium	Total
Balance July 1, 2012	$ 1,700,779.65	$ 162,515,000.00	$ 16,750,974.60	$ 180,966,754.25
Additions				
Annual Leave Earned	1,091,290.08			1,091,290.08
Issuance of GO Bonds				
Bond Premium				
Deletions				
Annual Leave Utilized	1,149,797.91			1,149,797.91
Debt Retired		32,000,000.00		32,000,000.00
Bond Premium Amortized			3,350,194.92	3,350,194.92
Balance June 30, 2013	$ 1,642,271.82	$ 130,515,000.00	$ 13,400,779.68	$ 145,558,051.50
Due within One Year	$ 0.00	$ 24,730,000.00	$ 3,350,194.92	$ 28,080,194.92

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

At June 30, 2013, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Unamortized Bond Premium
2014	$ 24,730,000.00	$ 5,517,500.00	$ 3,350,194.92
2015	25,815,000.00	4,336,375.00	3,350,194.92
2016	27,090,000.00	3,071,250.00	3,350,194.92
2017	28,345,000.00	1,785,375.00	3,350,194.92
2018	24,535,000.00	563,375.00	
Total Principal and Interest	$ 130,515,000.00	$ 15,273,875.00	$ 13,400,779.68

Note 11: ON-BEHALF PAYMENTS

The School System has recognized revenues and costs in the amount of $768,286.73 for retirement contributions paid on the School System's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $212,830.73

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $555,456.00

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

The following is an analysis of significant outstanding construction or renovation contracts executed by the School System as of June 30, 2013, together with funding available.

Project		Unearned Executed Contracts
118-189	Forest Hills Demolition	$ 748.83
B-09-019-439	Freedom Park	11,663.36
B-08-012-457	Hains	58,650.32
B-12-011-2056	Hephzibah High	127,096.74
B-07-010-455.2	Jamestown	28,236.10
B-14-021-3556	Johnson	83,378.26
B-12-009-1603	Lake Forest	67,065.39
B-12-002-5566	Laney	691,146.26
B-12-005-1058	Langford	105,000.00
B-09-018-454	Milledge	10,757.63
B-12-003-5058	Murphey	547,875.93
B-12-010-0201	Reynolds	1,669,535.43
	Risk Hazard	202,998.59
	School Security	28,484.10
B-12-004-5564	Tutt	6,507,440.96
B-12-007-2574	Westside Gym	9,853,112.16
B-12-013-4064	Wheeless Rd	48,580.74
		$ 20,041,770.80

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

Note 13: POSTEMPLOYMENT 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 standalone 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, 2013:

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

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

For non-certificated school personnel:

July 2012 - June 2013	$446.20 per member per month

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

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

Fiscal Year	Required Contribution	Percent Contributed
2013	$ 36,692,079.98	100%
2012	$ 28,573,636.41	100%
2011	$ 26,209,698.45	100%

NOTE 14: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers' Retirement System (SRBP-TRS). SRBP-TRS was established

as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

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

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

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

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

Fiscal Year	Percent Contributed	Required Contribution
2013	100%	$18,076,573.33
2012	100%	$16,569,000.67
2011	100%	$16,932,068.39

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.

DEFINED CONTRIBUTION PLAN

In November 1999, the Richmond County Board of Education began an employer-paid 403(b) annuity plan for the group of employees covered under the Public School Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Variable Annuity Life Insurance Company (VALIC) as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount up to 3% percent of the employee's base pay.

The employee becomes vested in the plan with five years of experience. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and five years of service to the Richmond County Board of Education. If an employee terminates employment prior to achieving five years of service, funds paid on behalf of the non-vested employee are credited back to the Board.

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

Fiscal Year	Amount Contributed
2013	$ 237,999.14
2012	$ 243,550.69
2011	$ 249,746.35

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE "1"

RICHMOND COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JUNE 30, 2013

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 80,000,000.00	$ 80,000,000.00	$ 82,524,772.80	$ 2,524,772.80
Sales Taxes	1,100,000.00	1,100,000.00	1,427,111.26	327,111.26
State Funds	140,600,633.74	143,433,055.47	143,428,229.03	-4,826.44
Federal Funds	55,075,530.53	69,411,358.53	52,955,100.75	-16,456,257.78
Charges for Services	2,618,564.00	2,406,461.00	2,090,776.32	-315,684.68
Investment Earnings	79,787.00	273,187.00	115,809.20	-157,377.80
Miscellaneous	3,472,803.00	3,439,962.00	3,351,170.43	-88,791.57
Total Revenues	$ 282,947,318.27	$ 300,064,024.00	$ 285,892,969.79	$ -14,171,054.21
EXPENDITURES				
Current				
Instruction	$ 179,423,108.95	$ 188,126,740.93	$ 177,968,020.73	$ 10,158,720.20
Support Services				
Pupil Services	8,772,827.52	9,915,465.93	9,115,394.72	800,071.21
Improvement of Instructional Services	20,809,082.73	25,452,695.41	17,141,491.97	8,311,203.44
Educational Media Services	5,608,245.00	6,165,444.79	5,877,534.84	287,909.95
General Administration	4,546,736.00	4,309,186.28	2,176,119.18	2,133,067.10
School Administration	17,522,483.00	17,363,970.50	16,807,327.12	556,643.38
Business Administration	1,694,206.00	1,660,783.80	1,606,781.39	54,002.41
Maintenance and Operation of Plant	29,796,413.15	29,980,032.50	25,698,650.51	4,281,381.99
Student Transportation Services	11,257,540.62	11,871,964.43	10,855,546.98	1,016,417.45
Central Support Services	3,972,456.52	4,086,938.76	2,944,117.00	1,142,821.76
Other Support Services	2,204,535.48	2,473,050.67	1,724,150.38	748,900.29
Community Services		198,958.00	102,459.14	96,498.86
Food Services Operation	18,022,065.00	18,197,391.00	17,886,994.50	310,396.50
Total Expenditures	$ 303,629,699.97	$ 319,802,623.00	$ 289,904,588.46	$ 29,898,034.54
Excess of Revenues over (under) Expenditures	$ -20,682,381.70	$ -19,738,599.00	$ -4,011,618.67	$ 15,726,980.33
OTHER FINANCING SOURCES (USES)				
Other Sources	$ 20,682,381.70	$ 19,738,599.00	$	$ -19,738,599.00
Sale of Equipment			33,631.29	33,631.29
Total Other Financing Sources (Uses)	$ 20,682,381.70	$ 19,738,599.00	$ 33,631.29	$ -19,704,967.71
Net Change in Fund Balances	$ 0.00	$ 0.00	$ -3,977,987.38	$ -3,977,987.38
Fund Balances - Beginning	37,071,401.79	37,071,401.79	37,071,401.79	0.00
Fund Balances - Ending	$ 37,071,401.79	$ 37,071,401.79	$ 33,093,414.41	$ -3,977,987.38

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

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

See notes to the basic financial statements.

SCHEDULE "2"

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

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	$ 17,278,971.55 (1)
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Summer Food Service Program For Children	10.559	N/A	298,006.00
Total U. S. Department of Agriculture			$ 17,576,977.55
Education, U. S. Department of			
Impact Aid Cluster			
Direct			
Impact Aid	84.041		(3)
School Improvement Grants Cluster			
Pass-Through From Georgia Department of Education			
ARRA - School Improvement Grants	*84.388	N/A	$ 2,626,337.22
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	*84.027	N/A	$ 7,490,054.96
Preschool Grants	*84.173	N/A	153,167.00
Total Special Education Cluster			$ 7,643,221.96
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
ARRA - Title I Grants to Local Educational Agencies	84.389	N/A	$ 83,151.95
Title I Grants to Local Educational Agencies	84.010	N/A	18,440,047.16
Total Title I, Part A Cluster			$ 18,523,199.11

SCHEDULE "2"

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Other Programs			
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	*84.395	N/A	$ 4,476,587.73
Career and Technical Education - Basic Grants to States	84.048	N/A	354,768.42
Education for Homeless Children and Youth	84.196	N/A	48,668.00
Education Jobs Fund	84.410	N/A	12,126.00
English Language Acquisition Grants	84.365	N/A	14,270.93
Improving Teacher Quality State Grants	*84.367	N/A	2,233,582.74
Mathematics and Science Partnerships	84.366	N/A	151,192.00
Special Education			
State Personnel Development	84.323	N/A	43,931.97
Twenty-First Century Community Learning Centers	84.287	N/A	668,535.06
Total Other Programs			$ 8,003,662.85
Total U. S. Department of Education			$ 36,796,421.14
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Georgia Department of Human Resources			
ARRA - Child Care and Development Block Grant	93.713	N/A	$ 66,702.71
Child Care and Development Block Grant	93.575	N/A	6,204.51
Total U. S. Department of Health and Human Services			$ 72,907.22
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	N/A		$ 66,388.63
Department of the Army			
R.O.T.C. Program	N/A		291,746.12
Department of the Marines			
R.O.T.C. Program	N/A		54,470.31
Department of the Navy			
R.O.T.C. Program	N/A		264,630.67
Total U. S. Department of Defense			$ 677,235.73
Total Expenditures of Federal Awards			$ 55,123,541.64

N/A = Not Available

SCHEDULE "2"

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

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 $953,017.88.
(2) Expenditures for the funds earned on the Federal Snack Program ($116,354.94) and the School Breakfast Program ($3,608,486.35) were not maintained separately and are included in the 2013 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $740,949.46, 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 Richmond 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.

SCHEDULE "3"

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
JUNE 30, 2013

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 3,712,600.35
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	14,114,060.00
Kindergarten Program - Early Intervention Program	1,825,041.00
Primary Grades (1-3) Program	28,924,560.00
Primary Grades - Early Intervention (1-3) Program	4,854,545.00
Upper Elementary Grades (4-5) Program	14,704,445.00
Upper Elementary Grades - Early Intervention (4-5) Program	2,492,526.00
Middle Grades (6-8) Program	4,652,776.00
Middle School (6-8) Program	20,195,110.00
High School General Education (9-12) Program	20,703,510.00
Vocational Laboratory (9-12) Program	4,461,240.00
Students with Disabilities	16,674,851.00
Gifted Student - Category VI	1,653,288.00
Remedial Education Program	1,485,413.00
Alternative Education Program	1,872,401.00
English Speakers of Other Languages (ESOL)	264,952.00
Media Center Program	4,130,774.00
20 Days Additional Instruction	1,323,856.00
Staff and Professional Development	704,268.00
Indirect Cost	
Central Administration	3,291,323.00
School Administration	9,126,898.00
Facility Maintenance and Operations	9,212,063.00
Amended Formula Adjustment	-39,145,508.00
Local Fair Share	-24,043,638.00
On Behalf	16,454,698.61

SCHEDULE "3"

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
JUNE 30, 2013

AGENCY/FUNDING	FUND TYPES GENERAL FUND
Categorical Grants	
Pupil Transportation	
Regular	2,504,588.00
Nursing Services	530,056.00
DCH Direct Payment	
Education Equalization Funding Grant	11,803,049.00
Other State Programs	
Food Services	450,918.00
GNETS State Grant	2,027,502.00
Math and Science Supplements	266,237.09
Move on When Ready	400.00
Preschool Handicapped Program	406,410.00
Pupil Transportation - State Bonds	381,170.00
Residential Treatment Centers Grant	275,296.01
Rule 10 Special Education State Grant	90,000.00
Teachers' Retirement	212,830.73
Vocational Education	278,263.24
Office of the State Treasurer	
Public School Employees Retirement	555,456.00
	$ 143,428,229.03

See notes to the basic financial statements.

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

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
SPLOST 2007						
(a) Acquiring, Constructing, Equipping Facilities			$ 11,414,115.47	$ 155,266,291.84	$ 166,680,407.31	Various
(b) Textbooks and Technology			2,328,864.96	14,877,957.37	17,206,822.33	Various
(c) School Buses and Vehicles			353,818.00	4,057,774.58	4,411,592.58	Various
(d) Interest on the General Obligation Debt			769,081.25	26,832,763.02	27,601,844.27	Various
(e) Expenses for the Imposition of the SPLOST				1,714,572.29	1,714,572.29	Various
Total SPLOST 2007	$ 225,000,000.00	$ 227,508,974.00	$ 14,865,879.68	$ 202,749,359.10	$ 217,615,238.78	
SPLOST 2012						
(a) Acquiring, Constructing, Equipping Facilities			$ 6,253,330.55	$ 826,767.01	$ 7,080,097.56	Various
(b) Textbooks and Technology			2,483,397.10		2,483,397.10	Various
(c) School Buses and Vehicles			656,774.38		656,774.38	Various
(d) Demolitions			368,090.52		368,090.52	
(e) Interest on the General Obligation Debt			5,286,320.83		5,286,320.83	Various
(f) Expenses for the Imposition of the SPLOST			6,438.40	1,717,400.91	1,723,839.31	Various
(g) New Elementary School, Auditoriums						
Total SPLOST 2012	$ 225,000,000.00	$ 225,000,000.00	$ 15,054,351.78	$ 2,544,167.92	$ 17,598,519.70	
GRAND TOTAL	$ 450,000,000.00	$ 452,508,974.00	$ 29,920,231.46	$ 205,293,527.02	$ 235,213,758.48	

NOTES

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

(2) The School System's current estimate of total cost for the projects includes all costs from project inception to completion. The current estimated cost may increase over the original cost estimate as a result of increased tax collections and investment earnings.

(3) The voters of Richmond 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) The purpose of the SPLOST issued in 2007 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing, (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal, (d) To pay capitalized interest on the general obligation debt and (e) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax.additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith.

(5) The purpose of the SPLOST issued in 2012 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing, (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal, (d) Demolishing existing buildings and facilities located on school property that are no longer useful for public school purposes (e) To pay capitalized interest on the general obligation debt and (f) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax. (g) To the extent funds are available therefor, the construction of a new elementary school and the construction or renovation of performance auditoriums at existing schools.

(6) The original estimated cost for the 2012 SPLOST includes estimated proceeds from the imposition of a 1% sales tax, state capital outlay funding, and other local funds.

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

SCHEDULE "5"

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

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 13,906,148.00	$ 11,340,576.54	$ 102,884.89	$ 11,443,461.43
Kindergarten Program-Early Intervention Program	1,883,610.00	1,017,785.79	7,765.26	1,025,551.05
Primary Grades (1-3) Program	28,944,181.00	27,972,364.47	293,887.53	28,266,252.00
Primary Grades-Early Intervention (1-3) Program	4,956,178.00	2,708,734.40	22,187.74	2,730,922.14
Upper Elementary Grades (4-5) Program	14,629,402.00	15,646,074.13	125,422.41	15,771,496.54
Upper Elementary Grades-Early Intervention (4-5) Program	2,691,650.00	2,070,412.68	12,771.41	2,083,184.09
Middle Grades (6-8) Program	4,506,577.00	2,846,230.42	47,375.98	2,893,606.40
Middle School (6-8) Program	20,315,867.00	21,895,466.94	232,611.28	22,128,078.22
High School General Education (9-12) Program	20,780,869.00	27,490,944.61	576,431.82	28,067,376.43
Vocational Laboratory (9-12) Program	4,470,745.00	4,812,006.60	291,360.24	5,103,366.84
Students with Disabilities	16,576,950.00			
Category I		1,212,325.66	9,421.42	1,221,747.08
Category II		8,225,600.57	269,843.74	8,495,444.31
Category III		7,716,717.78	53,812.76	7,770,530.54
Category IV		939,949.92	26,557.15	966,507.07
Category V				
Gifted Student - Category VI	1,634,603.00	840,835.29	33,211.42	874,046.71
Remedial Education Program	1,521,804.00	50,699.98	1,756.02	52,456.00
Alternative Education Program	1,876,407.00	2,464,934.35	10,863.11	2,475,797.46
English Speakers of Other Languages (ESOL)	245,590.00	575,017.25	10,084.82	585,102.07
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 138,940,581.00	$ 139,826,677.38	$ 2,128,249.00	$ 141,954,926.38
Media Center Program	4,120,803.00	5,432,376.12	357,747.96	5,790,124.08
Staff and Professional Development	704,268.00			370,576.39
TOTAL QBE FORMULA FUNDS	$ 143,765,652.00	$ 145,259,053.50	$ 2,485,996.96	$ 148,115,626.85

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

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

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

See notes to the basic financial statements.

COMPLIANCE AND INTERNAL CONTROL REPORTS

Michelle Bennett, CPA
Rick L. Evans, CPA
E. J. Maddocks, CPA
Jay Sanders, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

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

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richmond County Board of Education as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Richmond County Board of Education's basic financial statements and have issued our report thereon dated December 17, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Richmond 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*.

Purpose of this Report

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

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia
December 17, 2013

Michelle Bennett, CPA
Rick L. Evans, CPA
E. J. Maddocks, CPA
Jay Sanders, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

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

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Richmond 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 Richmond County Board of Education's major federal programs for the year ended June 30, 2013. Richmond County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Richmond 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 of the Richmond County Board of Education's compliance with those requirements.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia
December 17, 2013

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

RICHMOND COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Prior Year Findings and Questioned Costs - Financial Statement Audit

No matters were reported.

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

No matters were reported.

FINDINGS AND QUESTIONED COSTS

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

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the Richmond County Board of Education.

2. No instances of noncompliance material to the financial statements of the Richmond County Board of Education, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

3. No significant deficiencies were disclosed during the audit of internal control over the major federal award program.

4. The auditor's report on compliance for the major federal award programs for Richmond County Board of Education expresses an unmodified opinion on all major federal programs.

5. There were no audit findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 reported in this Schedule.

6. The programs tested as major programs included:

   Special Education Cluster (CFDA No. 84.027 and CFDA No. 84.173)

   Improving Teacher Quality State Grants (CFDA No. 84.367)

   ARRA - School Improvement Grants Cluster (CFDA No. 84.388)

   ARRA - Race to the Top Incentive Grants (CFDA No. 84.395)

7. The threshold used for distinguishing between Type A and Type B programs was $1,653,706.

8. The Richmond County Board of Education qualified as a low-risk auditee.

B. Findings - Financial Statement Audit

NONE

C. Findings and Questioned Costs - Major Federal Award Programs Audit

NONE