
GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2013

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG



Greensville County School Board
(A Component Unit of the County of Greenville, Virginia)

School Board

Tony M. Conwell, Chairman

Bessie Reed-Moore, Vice-Chairman

Marguerite K. Burton

Janey V. Bush

Rhonda Jones-Gilliam

Danny Rook

Superintendent of Schools

Dr. Philip L. Worrell

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

TO THE SCHOOL BOARD OF GREENSVILLE COUNTY
EMPORIA, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greensville County School Board, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Greensville County School 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, Greenville County School Board adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, budgetary comparison information and schedules of pension and OPEB funding progress 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenville County School Board's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of Greenville County School Board'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 Greenville County School Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Greenville County School Board (a component unit of the County of Greenville, Virginia), we offer this narrative overview and analysis of the financial performance and overview of the Board's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented herein in connection with the Board's basic financial statements.

Financial Highlights For FY2013

The assets of the Board exceeded its liabilities at the close of the most recent fiscal year by \$13,395,259.

The Board's net position decreased by \$245,290 for the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The statement of activities presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Board that are principally supported by intergovernmental revenues. The governmental activities of the Board are items relating to the education of children.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Greenville County School Board, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board has only governmental funds.

Overview of the Financial Statements (continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided on Exhibit 4. The Board has three major governmental funds - the General Fund, the Capital Projects Fund, and the School Cafeteria Fund.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Board's financial position. In the case of the Board, assets exceeded liabilities by \$13,395,259 at the close of the most recent fiscal year.

Financial Analysis of the Board as a Whole

Two years of information are presented in order to provide a comparative analysis of government-wide information.

Statement of Net Position

The following table reflects the condensed Statements of Net Position:

Summary Statement of Net Position
As of June 30, 2013 and 2012

	2013	2012
Current and other assets	\$ 4,298,439	\$ 5,152,930
Capital assets	12,323,627	11,942,635
Total assets	<u>\$ 16,622,066</u>	<u>\$ 17,095,565</u>
Current liabilities	\$ 3,067,807	\$ 3,328,616
Long-term liabilities	159,000	126,400
Total liabilities	<u>\$ 3,226,807</u>	<u>\$ 3,455,016</u>
Net position:		
Net investment in capital assets	\$ 12,323,627	\$ 11,942,635
Unrestricted	1,071,632	1,697,914
Total net position	<u>\$ 13,395,259</u>	<u>\$ 13,640,549</u>
Total liabilities and net position	<u>\$ 16,622,066</u>	<u>\$ 17,095,565</u>

Statement of Net Position (Continued)

The Board's combined net position decreased by \$245,290 during the year. The decrease in current and other assets is attributable to decreased cash and amounts due from other governments. This resulted from the receipt of less federal operating grants.

At the end of the current fiscal year, the Board is able to report positive balances in both categories of net position.

The following table shows the revenues and expenses of the Board for the past two fiscal years:

Changes in Net Position		
For the Fiscal Year Ended June 30, 2013 and 2012		
	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 3,767,931	\$ 3,657,766
Operating grants and contributions	8,745,183	9,701,787
General revenues:		
Basic aid	7,974,910	8,201,820
State sales tax	2,436,506	2,217,374
Grants and other contributions unrestricted	2,955,287	2,779,145
Other	210,245	200,631
Total revenues	\$ 26,090,062	\$ 26,758,523
Expenses:		
Instruction	\$ 19,958,349	\$ 19,817,829
Administration, Attendance & Health	1,034,806	997,080
Pupil Transportation Services	1,714,269	1,764,524
Operation & Maintenance Services	2,399,226	3,288,323
School Food Service	1,228,702	1,238,384
Total expenses	\$ 26,335,352	\$ 27,106,140
Increase (decrease) in net position	\$ (245,290)	\$ (347,617)
Net position - beginning	13,640,549	13,988,166
Net position - ending	\$ 13,395,259	\$ 13,640,549

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

Statement of Net Position (Continued)

The Greenville County School Board's investment in capital assets as of June 30, 2013 and 2012 amounts to \$12,323,627 and \$11,942,635 (net of accumulated depreciation), respectively. Below is a list of the items that makeup capital assets as of June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Land	\$ 442,775	\$ 442,775
Buildings and improvements (net)	9,746,307	9,148,989
Machinery & Equipment (net)	<u>2,134,545</u>	<u>2,350,871</u>
Total capital assets and other investments	<u>\$ 12,323,627</u>	<u>\$ 11,942,635</u>

Economic Factors and Review of Operations

The Greenville County School Board is an organization dedicated to educating the youth of Greenville County and the City of Emporia, Virginia. The Board is governed by a 6 member School Board, appointed by the Board of Supervisors of Greenville County, Virginia and the City Council of the City of Emporia, Virginia. Greenville County appoints four of the six members, while the City of Emporia appoints the other two.

The Board has a cost agreement between the County of Greenville, Virginia and the City of Emporia, Virginia. The current contract was approved in December 2002 and expired in June of 2013. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2013, the Board had local costs of \$6,737,207. The local costs were allocated based on the agreement as follows:

	<u>Local</u>
County of Greenville, Virginia	\$ 3,563,737
City of Emporia, Virginia	<u>3,173,470</u>
Total Local Costs	<u>\$ 6,737,207</u>

These amounts do not agree to the amounts reported in the financial statements due to the difference in the budgeted and actual capital transfers.

See Note 6 for more information.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Finance Director, Greenville County School Board, 105 Ruffin Street, Emporia, VA 23847.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 1

Statement of Net Position
June 30, 2013

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,287,554
Due from other governmental units	862,548
Prepaid items	148,337
Capital assets (net of accumulated depreciation):	
Land	442,775
Buildings and improvements	9,746,308
Machinery and equipment	<u>2,134,544</u>
Total assets	<u>\$ 16,622,066</u>
LIABILITIES	
Accounts payable	\$ 86,902
Accrued liabilities	1,809,553
Due to City of Emporia	69,797
Due to County of Greenville	601,555
Long-term advance	500,000
Long-term liabilities:	
Due in more than one year	<u>159,000</u>
Total liabilities	<u>\$ 3,226,807</u>
NET POSITION	
Net investment in capital assets	\$ 12,323,627
Unrestricted	<u>1,071,632</u>
Total net position	<u><u>\$ 13,395,259</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 19,958,349	\$ 3,547,056	\$ 7,729,344	\$ -	\$ (8,681,949)
Administration, attendance and health	1,034,806	-	-	-	(1,034,806)
Pupil transportation services	1,714,269	-	-	-	(1,714,269)
Operation and maintenance services	2,399,226	-	-	-	(2,399,226)
School food service	1,228,702	220,875	1,015,839	-	8,012
Total governmental activities	\$ 26,335,352	\$ 3,767,931	\$ 8,745,183	\$ -	\$ (13,822,238)
General revenues:					
Basic aid				\$ 7,974,910	
State sales tax				2,436,506	
Unrestricted revenues from use of money and property				10,029	
Miscellaneous				200,216	
Payment from County of Greenville				2,955,287	
Total general revenues				\$ 13,576,948	
Change in net position				(245,290)	
Net position - beginning				13,640,549	
Net position - ending				\$ 13,395,259	

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

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,363,815	\$ 793,107	\$ 130,632	\$ 3,287,554
Due from other funds	-	-	271,949	271,949
Due from other governmental units	827,488	35,060	-	862,548
Prepaid items	148,337	-	-	148,337
Total assets	<u>\$ 3,339,640</u>	<u>\$ 828,167</u>	<u>\$ 402,581</u>	<u>\$ 4,570,388</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,902	\$ -	\$ -	\$ 86,902
Accrued liabilities	1,809,437	116	-	1,809,553
Due to City of Emporia	69,797	-	-	69,797
Due to County of Greenville	601,555	-	-	601,555
Due to other funds	271,949	-	-	271,949
Long term advance	500,000	-	-	500,000
Total liabilities	<u>\$ 3,339,640</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 3,339,756</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 148,337	\$ -	\$ -	\$ 148,337
Restricted:				
Capital projects - various projects	-	-	402,581	402,581
Committed to:				
School cafeteria fund	-	828,051	-	828,051
Unassigned	(148,337)	-	-	(148,337)
Total fund balances	<u>\$ -</u>	<u>\$ 828,051</u>	<u>\$ 402,581</u>	<u>\$ 1,230,632</u>
Total liabilities and fund balances	<u>\$ 3,339,640</u>	<u>\$ 828,167</u>	<u>\$ 402,581</u>	<u>\$ 4,570,388</u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 4

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,230,632	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amounts reported below are net of accumulated depreciation.			
Land	\$	442,775	
Buildings and improvements		9,746,308	
Machinery and equipment		<u>2,134,544</u>	12,323,627
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Other post-employment benefits			<u>(159,000)</u>
Net position of governmental activities	\$		<u><u>13,395,259</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
- Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
REVENUES				
Revenue from the use of				
money and property	\$ 9,838	\$ -	\$ 191	\$ 10,029
Charges for services	3,547,056	220,875	-	3,767,931
Miscellaneous	200,216	-	-	200,216
Intergovernmental revenues:				
Local government	1,518,319	-	-	1,518,319
Commonwealth	16,142,158	20,599	-	16,162,757
Federal	1,998,602	995,240	-	2,993,842
Total revenues	<u>\$ 23,416,189</u>	<u>\$ 1,236,714</u>	<u>\$ 191</u>	<u>\$ 24,653,094</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 19,032,625	\$ -	\$ -	\$ 19,032,625
Administration, attendance and health	1,033,472	-	-	1,033,472
Pupil transportation services	1,629,377	-	-	1,629,377
Operation and maintenance services	2,314,978	-	-	2,314,978
School food service	-	1,240,513	-	1,240,513
Total expenditures	<u>\$ 24,010,452</u>	<u>\$ 1,240,513</u>	<u>\$ -</u>	<u>\$ 25,250,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (594,263)</u>	<u>\$ (3,799)</u>	<u>\$ 191</u>	<u>\$ (597,871)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 594,263	\$ -	\$ -	\$ 594,263
Transfers out	-	-	(594,263)	(594,263)
Total other financing sources (uses)	<u>\$ 594,263</u>	<u>\$ -</u>	<u>\$ (594,263)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (3,799)	\$ (594,072)	\$ (597,871)
Fund balances - beginning	-	831,850	996,653	1,828,503
Fund balances - ending	<u>\$ -</u>	<u>\$ 828,051</u>	<u>\$ 402,581</u>	<u>\$ 1,230,632</u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 6

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	(597,871)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	148,823	
Capital outlay for jointly owned assets		1,374,065	
Depreciation		<u>(1,137,707)</u>	385,181

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

Other post-employment benefits expense		<u>(32,600)</u>
Change in net position of governmental activities	\$	<u><u>(245,290)</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013

Note 1 - Summary of Significant Accounting Policies:

The Greenville County School Board (a component unit of the County of Greenville, Virginia) is governed by an appointed six member School Board. The Board consists of four representatives from the County of Greenville, Virginia and two representatives from the City of Emporia, Virginia. The School Board is responsible for appointing the School Superintendent. The School Board provides educational services for the children of the County of Greenville, Virginia and the City of Emporia, Virginia.

The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board is reported as a Discretely Presented Component Unit of the County of Greenville, Virginia.

The financial statements of the Greenville County School Board have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the School Board's accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effects of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The School Board has no proprietary or fiduciary funds.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports including the government's original budget and a comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Greenville County School Board. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The Greenville County School Board has no component units at June 30, 2013.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide 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 when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (instruction, school food, etc.) which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (instruction; administration, attendance, and health; etc.).

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In the fund financial statements, financial transactions and accounts of the School Board are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds.

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary and similar trust funds. The Governmental Funds measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual Governmental funds, all of which are major, are:

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (continued)

1. Governmental Funds (continued)

General Fund - The General Fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the School Board which are not accounted for and reported in other funds. Revenues are derived primarily from intergovernmental grants.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants.

Capital Projects Fund - A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

C. Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the School Board submits to the Board of Supervisors, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution by the Board of Supervisors of Greenville County.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors upon request by the School Board.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the Special Revenue Funds and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all School Board expenditures.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The School Board has no investments at June 30, 2013.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	10

G. Compensated Absences

In accordance with Governmental Accounting Standards Board Statement No. 16 *Accounting for Compensated Absences*, the Greenville County School Board (a component unit of the County of Greenville, Virginia) considered the liability arising from outstanding compensated absences.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement. According to the personnel policy of Greenville County School Board, employees are not eligible for any “terminal leave” prior to termination or retirement.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

H. Fund Equity

The School Board reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the School Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

I. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The School Board's policy is to fund pension cost as it accrues.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School Board has no items that qualify for reporting in this category.

M. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

N. Net Position Flow Assumption

Sometimes the School Board will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

O. Adoption of Accounting Principles

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:

The School Board implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

P. Upcoming Pronouncements

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Board has not determined the impact of this pronouncement on its financial statements.

Note 2 - Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The School Board has no investments at June 30, 2013.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 3 - Due From/Due To Other Governmental Units:

At June 30, 2013 the School Board has receivables from other governments as follows:

	<u>General</u>	<u>School Cafeteria</u>	<u>Total Governmental Activities</u>
Commonwealth of Virginia:			
State sales tax	\$ 399,576	\$ -	\$ 399,576
Special education - jails	452	-	452
Federal Government:			
21st century learning	39,109	-	39,109
Title I	308,452	-	308,452
Title II	48,694	-	48,694
Title VI-B	26,016	-	26,016
ARRA Statewide data	5,189	-	5,189
School food program	-	35,060	35,060
	<u> </u>	<u> </u>	<u> </u>
Total due from other governments	\$ 827,488	\$ 35,060	\$ 862,548
	<u> </u>	<u> </u>	<u> </u>

Amounts due to other governments are as follows:

Other Local Governments:	
County of Greenville	\$ 601,555
City of Emporia	69,797
	<u> </u>
	\$ 671,352
	<u> </u>

Note 4 - Interfund Balances:

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

<u>Fund</u>	<u>Due From Balance</u>	<u>Due To Balance</u>
General	\$ -	\$ 271,949
School Capital Projects	271,949	-
	<u> </u>	<u> </u>
Total	\$ 271,949	\$ 271,949
	<u> </u>	<u> </u>

This balance represents funds held by the general fund that will be provided for capital projects at a future date.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5 - Capital Assets:

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 442,775	\$ -	\$ -	\$ 442,775
Total capital assets not being depreciated	\$ 442,775	\$ -	\$ -	\$ 442,775
Capital assets being depreciated:				
Buildings and improvements	\$ 35,506,234	\$ -	\$ -	\$ 35,506,234
Machinery and equipment	4,994,970	148,823	-	5,143,793
Jointly owned assets	(18,175,479)	1,369,876	-	(16,805,603)
Total capital assets being depreciated	\$ 22,325,725	\$ 1,518,699	\$ -	\$ 23,844,424
Less accumulated depreciation for:				
Buildings and improvements	\$ 11,041,767	\$ 839,648	\$ -	\$ 11,881,415
Machinery and equipment	2,644,100	365,149	-	3,009,249
Jointly owned assets	(2,860,002)	344,162	411,252	(2,927,092)
Total accumulated depreciation	\$ 10,825,865	\$ 1,548,959	\$ 411,252	\$ 11,963,572
Total capital assets being depreciated, net	\$ 11,499,860	\$ (30,260)	\$ (411,252)	\$ 11,880,852
Governmental activities capital assets, net	\$ 11,942,635	\$ (30,260)	\$ (411,252)	\$ 12,323,627

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 838,251
Pupil transportation services	212,652
Operation and maintenance services	81,259
School food service	5,545
	<u>\$ 1,137,707</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 6 - Local Contributions:

Due to GASB 34, school boards no longer show debt obligations. Because the School Board legally cannot issue debt, the debt is shown on the County's financial statements. Although the School Board pays annual debt service, the expenditure is reported as being made by the County. In order for this presentation, the local contribution is reduced by the expenditure of debt service as follows:

	Actual Net Contribution By Localities	Principal Payments	Interest Payments	Contributions Per Financial Statements
Greenville	\$ 3,563,737	\$ 1,375,562	\$ 669,856	\$ 1,518,319
Emporia	3,173,470	-	-	3,173,470
Total	<u>\$ 6,737,207</u>	<u>\$ 1,375,562</u>	<u>\$ 669,856</u>	<u>\$ 4,691,789</u>

Note 7 - Defined Benefit Pension Plan:

A. Plan Description:

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

As of June 30, 2013 (Continued)

Note 7 - Defined Benefit Pension Plan: (continued)

A. Plan Description: (continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Non-professional

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Board's contribution rate for the fiscal year ended 2013 was 9.85%, of annual covered payroll.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7 - Defined Benefit Pension Plan: (continued)

C. Annual Pension Cost

Non-professional

For fiscal year 2013, the Board's annual pension cost of \$79,920 was equal to the Board's required and actual contributions.

The following trend information is presented for three years.

Three-Year Trend Information for School Board - Primary Government				
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
June 30, 2011	\$ 71,094	100%	\$ -	
June 30, 2012	55,747	100%	-	
June 30, 2013	79,920	100%	-	

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

Non-professional

As of June 30, 2012, the most recent actuarial valuation date, the plan was 87.35% funded. The actuarial accrued liability for benefits was \$5,333,521, and the actuarial value of assets was \$4,658,695, resulting in an unfunded actuarial accrued liability (UAAL) of \$674,826. The covered payroll (annual payroll of active employees covered by the plan) was \$825,043, and ratio of the UAAL to the covered payroll was 81.79%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7 - Defined Benefit Pension Plan: (continued)

Professional Employees

A. Plan Description

The Greenville School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/PDF/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Greenville School Board is required to contribute at an actuarially determined rate. The current rate is 6.33% of annual covered payroll. The contribution requirements of plan members and Greenville School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2013, 2012, and 2011 were \$1,401,165, \$1,330,810 and \$1,073,335, respectively, equal to the required contributions for each year.

Note 8 - Surety Bond Information:

Officials below were under bond in the amounts indicated:

Hartford Accident and Indemnity Company - Surety:		
Philip L. Worrell, Superintendent	\$	10,000
Angela B. Wilson, Clerk of School Board		10,000
Rick L. Pirkey, Deputy Clerk of the School Board		10,000
Romine T. Braswell, Bookkeeper		10,000
LaTina Stephens, Payroll Clerk		10,000

Note 9 - Commitments and Contingencies:

The Board participates in a number of federal and state grants, and loan programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed the *Single Audit Act Amendments of 1996* which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the County of Greenville, Virginia's Financial Report. Complete financial statements for the County of Greenville, Virginia are available at 1781 Greenville County Circle, Emporia, Virginia, 23093.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 10 - Risk Management:

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Board joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The School Board pays an annual premium to the association for its general liability insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Board continues to carry workman's compensation commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Litigation:

At June 30, 2013, there were no matters of litigation involving the School Board or which would materially affect the School Board's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12 - City/County School Cost Agreement:

The City of Emporia and the County of Greenville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greenville County Public School System. The current agreement expires December 13, 2013.

Pursuant to an agreement between the above parties, the School Board has recorded a \$500,000 long-term advance. The amount was allocated between the County and City based upon fiscal year 2006 allocated expenditures. The allocated amounts are as follows:

County of Greenville	\$	275,000
City of Emporia		<u>225,000</u>
Total long-term advance	\$	<u><u>500,000</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 - Other Post-Employment Benefits Program:

A. Plan Description

In addition to the pension benefits described in Note 7, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from School Board service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) have the ability to remain on the School Board's medical and dental insurance plans up to the age when they become eligible for Medicare (age 65). The retiree's spouse can also receive benefits under the plan.

B. Funding Policy

Individuals retiring from the School Board have the ability to remain on the School Board's medical and dental insurance plans. The School Board does not offer a subsidy towards the retiree or the retiree's spouse's premiums.

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC 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 following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 77,100
Interest on net OPEB obligation	5,100
Adjustment to annual required contribution	(5,300)
Annual OPEB cost (expense)	\$ 76,900
Estimated contributions made	(44,300)
Increase in net OPEB obligation	\$ 32,600
Net OPEB obligation - beginning of year	\$ 126,400
Net OPEB obligation - end of year	\$ 159,000

For FY2013, the School Board's cash payment of \$44,300 was \$32,600 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 83,005	82.16%	\$ 121,400
June 30, 2012	84,600	94.09%	126,400
June 30, 2013	76,900	57.61%	159,000

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 - Other Post-Employment Benefits Program: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 is as follows:

Actuarial accrued liability (AAL)	\$	668,914
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		668,914
Funded ratio (actuarial value of plan assets/AAL)		-
Covered payroll (annual payroll of active employees covered by the plan)		10,584,982
UAAL as a percentage of covered payroll		6.32%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 2.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was thirty years.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 - Other Post-Employment Benefits Program: (continued)

F. Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

G. Interest Assumptions

	<u>Unfunded</u>
Investment rate of return	4.00%
Health cost trend assumption	9.00%
Payroll growth	2.50%

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 7

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 9,838	\$ 7,838
Charges for services	3,412,215	3,412,215	3,547,056	134,841
Miscellaneous	216,856	216,856	200,216	(16,640)
Intergovernmental revenues:				
County contribution to school board	1,484,192	1,484,192	1,518,319	34,127
Commonwealth	16,525,665	16,525,665	16,142,158	(383,507)
Federal	3,059,184	3,059,184	1,998,602	(1,060,582)
Total revenues	\$ 24,700,112	\$ 24,700,112	\$ 23,416,189	\$ (1,283,923)
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 19,762,565	\$ 19,762,565	\$ 19,032,625	\$ 729,940
Administration, attendance and health	1,127,812	1,127,812	1,033,472	94,340
Pupil transportation services	1,687,924	1,542,924	1,629,377	(86,453)
Operation and maintenance services	2,359,740	2,504,740	2,314,978	189,762
Total expenditures	\$ 24,938,041	\$ 24,938,041	\$ 24,010,452	\$ 927,589
Excess (deficiency) of revenues over (under) expenditures	\$ (237,929)	\$ (237,929)	\$ (594,263)	\$ (356,334)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 594,263	\$ 594,263
Total other financing sources and uses	\$ -	\$ -	\$ 594,263	\$ 594,263
Net change in fund balances	\$ (237,929)	\$ (237,929)	\$ -	\$ 237,929
Fund balances - beginning	237,929	237,929	-	(237,929)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 8

School Cafeteria Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Charges for services	\$ 382,000	\$ 382,000	\$ 220,875	\$ (161,125)
Intergovernmental revenues:				
Commonwealth	23,145	23,145	20,599	(2,546)
Federal	980,668	980,668	995,240	14,572
Total revenues	<u>\$ 1,385,813</u>	<u>\$ 1,385,813</u>	<u>\$ 1,236,714</u>	<u>\$ (149,099)</u>
EXPENDITURES				
Current:				
School food service	\$ 1,385,813	\$ 1,385,813	\$ 1,240,513	\$ 145,300
Total expenditures	<u>\$ 1,385,813</u>	<u>\$ 1,385,813</u>	<u>\$ 1,240,513</u>	<u>\$ 145,300</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (3,799)	\$ (3,799)
Net change in fund balances	\$ -	\$ -	\$ (3,799)	\$ (3,799)
Fund balances - beginning	-	-	831,850	831,850
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 828,051</u></u>	<u><u>\$ 828,051</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 9

Schedules of Funding Progress
For the Year Ended June 30, 2013

Virginia Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
06/30/12	\$ 4,658,695	\$ 5,333,521	\$ 674,826	87.35%	\$ 825,043	81.79%
06/30/11	4,760,347	5,561,225	800,878	85.60%	1,009,234	79.36%
06/30/10	4,763,492	5,650,682	887,190	84.30%	1,187,574	74.71%

Other-Post Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
07/01/12	\$ -	\$ 668,914	\$ 668,914	0.00%	\$ 10,584,982	6.32%
07/01/10	-	1,075,800	1,075,800	0.00%	11,020,927	9.76%
01/01/09	-	901,600	901,600	0.00%	11,020,927	8.18%

OTHER SUPPLEMENTARY INFORMATION

- *Supporting Schedules* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

Page 1 of 3

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 11	\$ 11
Revenue from use of property	<u>2,000</u>	<u>2,000</u>	<u>9,827</u>	<u>7,827</u>
Total revenue from use of money and property	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>9,838</u>	\$ <u>7,838</u>
Charges for services:				
Tuition - City of Emporia (Note 6)	\$ 3,182,215	\$ 3,182,215	\$ 3,173,470	\$ (8,745)
Charges to other localities	<u>230,000</u>	<u>230,000</u>	<u>373,586</u>	<u>143,586</u>
Total charges for services	\$ <u>3,412,215</u>	\$ <u>3,412,215</u>	\$ <u>3,547,056</u>	\$ <u>134,841</u>
Miscellaneous revenue:				
Miscellaneous	\$ <u>216,856</u>	\$ <u>216,856</u>	\$ <u>200,216</u>	\$ <u>(16,640)</u>
Total miscellaneous revenue	\$ <u>216,856</u>	\$ <u>216,856</u>	\$ <u>200,216</u>	\$ <u>(16,640)</u>
Total revenue from local sources	\$ <u>3,631,071</u>	\$ <u>3,631,071</u>	\$ <u>3,757,110</u>	\$ <u>126,039</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Greenville, Virginia (Note 6)	\$ <u>1,484,192</u>	\$ <u>1,484,192</u>	\$ <u>1,518,319</u>	\$ <u>34,127</u>
Total revenues from local governments	\$ <u>1,484,192</u>	\$ <u>1,484,192</u>	\$ <u>1,518,319</u>	\$ <u>34,127</u>
Revenue from the Commonwealth:				
Other categorical aid:				
Share of state sales tax	\$ 2,359,551	\$ 2,359,551	\$ 2,436,506	\$ 76,955
Basic school aid	8,212,185	8,212,185	7,974,910	(237,275)
Remedial education	476,586	476,586	466,193	(10,393)
Gifted and talented	86,869	86,869	84,973	(1,896)
Special education	1,108,026	1,108,026	1,083,860	(24,166)
Textbook payment	169,453	169,453	152,441	(17,012)
Remedial summer school	125,117	125,117	187,306	62,189
Vocational education	203,183	203,183	198,751	(4,432)
Vocational education - equipment	-	-	6,228	6,228
Group life fringe benefits	32,104	32,104	31,403	(701)
Social security fringe benefits	522,681	522,681	511,278	(11,403)
Retirement fringe benefits	870,506	870,506	851,514	(18,992)
State lottery payments	130,061	130,061	13,311	(116,750)
Early reading intervention	33,289	33,289	35,733	2,444
Homebound	45,544	45,544	49,495	3,951
Special education - regional	-	-	39,309	39,309
Special education - jails	13,117	13,117	4,973	(8,144)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

Page 2 of 3

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (continued)				
Special education - foster care	\$ -	\$ -	\$ 6,200	\$ 6,200
Regional Governor's school	-	-	19,801	19,801
At risk payments	635,184	635,184	621,064	(14,120)
At risk payments - 4 year olds	358,193	358,193	358,193	-
Primary class size	640,474	640,474	618,634	(21,840)
Vocational occupational/technical education	33,207	33,207	25,683	(7,524)
Technology Initiative	154,000	154,000	-	(154,000)
Standards of Learning algebra readiness	53,821	53,821	58,583	4,762
Mentor teacher program	-	-	2,453	2,453
Administrative software	-	-	23,705	23,705
Performance pay incentive	-	-	69,973	69,973
Retirement inflation pre k	-	-	130,061	130,061
Foster children	-	-	1,534	1,534
Other state funds	262,514	262,514	78,090	(184,424)
Total other categorical aid	\$ 16,525,665	\$ 16,525,665	\$ 16,142,158	\$ (383,507)
Total revenue from the Commonwealth	\$ 16,525,665	\$ 16,525,665	\$ 16,142,158	\$ (383,507)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 902,963	\$ 902,963	\$ 786,958	\$ (116,005)
Title VI-B, special education flow-through	729,756	729,756	403,787	(325,969)
Vocational education	35,000	35,000	32,827	(2,173)
Title VI-B, special education pre-school	-	-	6,609	6,609
Title II-A Teacher Quality	29,622	29,622	189,182	159,560
Title V-A	-	-	26,829	26,829
21st century learning	-	-	327,725	327,725
ARRA Education jobs	-	-	98,659	98,659
Immigrant and youth state grant	-	-	2,394	2,394
LDS grants to LEAS	-	-	20,486	20,486
Other federal funds	1,361,843	1,361,843	103,146	(1,258,697)
Total categorical aid	\$ 3,059,184	\$ 3,059,184	\$ 1,998,602	\$ (1,060,582)
Total revenue from the federal government	\$ 3,059,184	\$ 3,059,184	\$ 1,998,602	\$ (1,060,582)
Total General Fund	\$ 24,700,112	\$ 24,700,112	\$ 23,416,189	\$ (1,283,923)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1
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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 382,000	\$ 382,000	\$ 220,875	\$ (161,125)
Total charges for services	\$ 382,000	\$ 382,000	\$ 220,875	\$ (161,125)
Total revenue from local sources	\$ 382,000	\$ 382,000	\$ 220,875	\$ (161,125)
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 23,145	\$ 23,145	\$ 20,599	\$ (2,546)
Total categorical aid	\$ 23,145	\$ 23,145	\$ 20,599	\$ (2,546)
Total revenue from the Commonwealth	\$ 23,145	\$ 23,145	\$ 20,599	\$ (2,546)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 980,668	\$ 980,668	\$ 995,240	\$ 14,572
Total categorical aid	\$ 980,668	\$ 980,668	\$ 995,240	\$ 14,572
Total revenue from the federal government	\$ 980,668	\$ 980,668	\$ 995,240	\$ 14,572
Total School Cafeteria Fund	\$ 1,385,813	\$ 1,385,813	\$ 1,236,714	\$ (149,099)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 191	\$ 191
Total revenue from use of money and property	\$ -	\$ -	\$ 191	\$ 191
Total revenue from local sources	\$ -	\$ -	\$ 191	\$ 191
Total School Capital Projects	\$ -	\$ -	\$ 191	\$ 191
Total all funds	\$ 26,085,925	\$ 26,085,925	\$ 24,653,094	\$ (1,432,831)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 2

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Education:				
Instruction	\$ 19,762,565	\$ 19,762,565	\$ 19,032,625	\$ 729,940
Administration, attendance and health	1,127,812	1,127,812	1,033,472	94,340
Pupil transportation services	1,687,924	1,542,924	1,629,377	(86,453)
Operation and maintenance	<u>2,359,740</u>	<u>2,504,740</u>	<u>2,314,978</u>	<u>189,762</u>
Total education	\$ <u>24,938,041</u>	\$ <u>24,938,041</u>	\$ <u>24,010,452</u>	\$ <u>927,589</u>
Total General Fund	\$ <u><u>24,938,041</u></u>	\$ <u><u>24,938,041</u></u>	\$ <u><u>24,010,452</u></u>	\$ <u><u>927,589</u></u>
School Cafeteria Fund:				
School Food Service:				
School food administration	\$ <u>1,385,813</u>	\$ <u>1,385,813</u>	\$ <u>1,240,513</u>	\$ <u>145,300</u>
Total School Cafeteria Fund	\$ <u><u>1,385,813</u></u>	\$ <u><u>1,385,813</u></u>	\$ <u><u>1,240,513</u></u>	\$ <u><u>145,300</u></u>
Total All Funds	\$ <u><u>26,323,854</u></u>	\$ <u><u>26,323,854</u></u>	\$ <u><u>25,250,965</u></u>	\$ <u><u>1,072,889</u></u>

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 SCHOOL BOARD OF GREENSVILLE COUNTY EMPORIA, VIRGINIA

We have audited, in accordance with the 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 the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of Greenville County School Board as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Greenville County School Board's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greenville County School Board'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 Greenville County School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Greenville County School Board'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 Greenville County School Board'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.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 5, 2013