

# **BRYAN COUNTY BOARD OF EDUCATION PEMBROKE, GEORGIA**

## **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2010**

(Including Independent Auditor's Reports)

BRYAN COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

**Russell W. Hinton**  
STATE AUDITOR  
(404) 656-2174

April 15, 2011

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

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the Bryan County Board of Education, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bryan County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bryan County Board of Education, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2011, on our consideration of the Bryan County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and

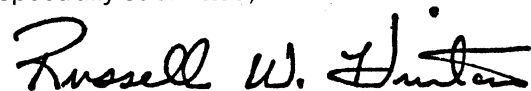
not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through vii and page 25 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "Russell W. Hinton". The signature is fluid and cursive, with a prominent "R" and "H".

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010ARL-11

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The discussion and analysis of the Bryan County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets increased \$10.5 million, which represents a 13.7 percent increase from fiscal year 2009. This total increase was due to governmental activities since the Board has no business-type activities.
- General revenues accounted for \$27.1 million in revenue or 40.7 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$39.5 million or 59.3 percent of total revenues. Total revenues were \$66.6 million.
- The Board had \$56.1 million in expenses related to governmental activities; only \$39.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues, primarily taxes, of \$27.1 million were adequate to provide for these programs.
- Among major funds, the general fund had \$58.4 million in revenues, \$53.8 million in expenditures, and a net change of \$3.5 million in other financial uses. The general fund's balance increased from \$7.9 million to \$9.0 million.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Bryan County Board of Education as a financial whole, or as an entire operating entity. The basic financial statements include two levels of statements that present different views of the Board. These include the District-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the Board, reporting the Board's operation in more detail. The *Governmental Funds* statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fund financial statements reflect the Board's most significant funds. In the case of the Bryan County Board of Education, the General Fund is by far the most significant fund.

### ***Reporting the Board as a Whole***

#### ***Statement of Net Assets and Statement of Activities***

While these documents contain the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

question, "How did we do financially during fiscal year 2010?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

***Reporting the Board's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the general fund, the District-wide capital projects fund, and the debt service fund.

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

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

**Financial Analysis of the Board as a Whole**

The perspective of the Statement of Net Assets is of the Board as a whole. Table 1 provides a summary of the Board's net assets for fiscal year 2010 as compared to net assets for fiscal year 2009.



**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Table 1  
Net Assets**

	Governmental Activities	
	Fiscal Year 2010	Fiscal Year 2009
<b>Assets</b>		
Current and Other Assets	\$ 52,524,141	\$ 52,766,739
Capital Assets, Net	<u>60,702,049</u>	<u>54,486,428</u>
<b>Total Assets</b>	<b>\$ <u>113,226,190</u></b>	<b>\$ <u>107,253,167</u></b>
<b>Liabilities</b>		
Current and Other Liabilities	\$ 8,774,201	\$ 9,418,895
Long-Term Liabilities	<u>17,008,015</u>	<u>20,906,661</u>
<b>Total Liabilities</b>	<b>\$ <u>25,782,216</u></b>	<b>\$ <u>30,325,556</u></b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 59,626,189	\$ 52,862,483
Restricted	7,323,513	6,762,510
Unrestricted	<u>20,494,272</u>	<u>17,302,618</u>
<b>Total Net Assets</b>	<b>\$ <u><u>87,443,974</u></u></b>	<b>\$ <u><u>76,927,611</u></u></b>

Total net assets increased \$10.5 million.

Table 2 shows the changes in net assets for fiscal year 2010 as compared to fiscal year 2009.

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Table 2  
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2010	Fiscal Year 2009
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 2,376,556	\$ 2,354,468
Operating Grants and Contributions	34,385,787	31,713,688
Capital Grants and Contributions	2,747,863	2,364,486
<b>Total Program Revenues</b>	<b>\$ 39,510,206</b>	<b>\$ 36,432,642</b>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	\$ 19,605,181	\$ 16,706,511
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects and Debt Services	4,702,707	4,493,672
Other Taxes	412,099	498,784
Grants and Contributions not		
Restricted to Specific Programs	1,036,898	1,413,426
Investment Earnings	650,518	793,145
Miscellaneous	748,663	789,575
<b>Total General Revenues</b>	<b>\$ 27,156,066</b>	<b>\$ 24,695,113</b>
<b>Total Revenues</b>	<b>\$ 66,666,272</b>	<b>\$ 61,127,755</b>
<b>Program Expenses:</b>		
Instruction	\$ 36,268,040	\$ 38,281,889
Support Services		
Pupil Services	1,954,267	1,763,473
Improvement of Instructional Services	1,376,118	1,758,683
Educational Media Services	1,101,865	1,123,276
General Administration	575,630	674,682
School Administration	2,837,420	2,863,600
Business Administration	387,486	236,234
Maintenance and Operation of Plant	4,466,532	4,177,293
Student Transportation Services	2,021,850	2,077,101
Central Support Services	35,132	46,721
Other Support Services	109,359	103,628
Operations of Non-Instructional Services		
Enterprise Operations	169,676	188,944
Community Services	978,565	935,337
Food Services	2,884,203	2,888,298
Interest on Short-Term and Long-Term Debt	983,766	505,328
<b>Total Expenses</b>	<b>\$ 56,149,909</b>	<b>\$ 57,624,487</b>
<b>Increase in Net Assets</b>	<b>\$ 10,516,363</b>	<b>\$ 3,503,268</b>

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***Governmental Activities***

Instruction comprises 64.6 percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and by unrestricted State entitlements.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009
Instruction	\$ 36,268,040	\$ 38,281,889	\$ 9,443,572	\$ 14,071,926
Support Services:				
Pupil Services	1,954,267	1,763,473	1,075,137	1,042,021
Improvement of Instructional Services	1,376,118	1,758,683	508,350	717,479
Educational Media Services	1,101,865	1,123,276	162,407	310,843
General Administration	575,630	674,682	86,298	196,506
School Administration	2,837,420	2,863,600	1,122,275	1,265,464
Business Administration	387,486	236,234	94,034	-34,192
Maintenance and Operation of Plant	4,466,532	4,177,293	2,155,274	1,963,634
Student Transportation Services	2,021,850	2,077,101	1,103,779	1,072,215
Central Support Services	35,132	46,721	19,785	27,470
Other Support Services	109,359	103,628	92,086	88,281
Operations of Non-Instructional Services:				
Enterprise Operations	169,676	188,944	169,676	188,944
Community Services	978,565	935,337	108,571	49,866
Food Services	2,884,203	2,888,298	-485,307	-273,941
Interest on Short-Term and Long-Term Debt	983,766	505,328	983,766	505,328
Total Expenses	<u>\$ 56,149,909</u>	<u>\$ 57,624,487</u>	<u>\$ 16,639,703</u>	<u>\$ 21,191,844</u>

Although program revenues make up 59.3 percent of the revenues, the Board is still dependent upon tax revenues for governmental activities. Over 26.0 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities, general revenue support is 29.6 percent.

**The Board's Funds**

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$66.5 million and expenditures of \$65.9 million. The general fund had an increase of \$1.1 million.

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***General Fund Budgeting Highlights***

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund.

The Board uses a school-based budgeting concept based on FTE student allocations. The budgeting systems are designed to tightly control total school budgets but provide flexibility for school level decision making.

For the General Fund, actual revenues of \$58.4 million exceeded the final budget of \$57.6 million by \$0.8 million. This difference was due to a combination of factors, but primarily due to revenues from school activity accounts and increased Federal revenues.

Actual expenditures and other financing uses of \$57.3 million were less than the final budget of \$58.2 million.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2010, the Board had \$60.7 million invested in capital assets, all in governmental activities. Table 4 shows balances for fiscal year 2010 as compared to balances for fiscal year 2009.

**Table 4  
Capital Assets  
(Net of Depreciation)**

	Governmental Activities	
	Fiscal Year 2010	Fiscal Year 2009
Land	\$ 5,193,163	\$ 3,193,077
Construction In Progress	6,679,029	15,415,522
Building and Improvements	42,043,419	28,997,559
Equipment	2,446,623	2,363,612
Land Improvements	3,499,416	3,658,012
Infrastructure	840,399	858,646
Total	<u>\$ 60,702,049</u>	<u>\$ 54,486,428</u>

Due to the steady collection of SPLOST revenues and the commitment of local funds to capital outlay projects, the Board has completed numerous construction projects and continues with the capital improvements program.

***Debt***

At June 30, 2010, the Board had \$3.9 million in bonds outstanding due within one year. Table 5 shows balances for fiscal year 2010 as compared to balances for fiscal year 2009.

**BRYAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Table 5  
Debt at June 30**

	Governmental Activities	
	Fiscal	Fiscal
	Year 2010	Year 2009
General Obligation Bonds	\$ 16,300,000	\$ 20,000,000

The Board maintains an AA+ bond rating from Standard & Poor's based on the State of Georgia intercept program.

**Current Issues**

The following issues are expected to have a significant effect on the financial positions or results of operations:

- **State and Local Economy** – The State of Georgia continues to experience weakened economic conditions and state funding for education continues to reflect austerity reductions which began in fiscal year 2003. The Bryan County School System has incurred in excess of \$16.3 million in state funding cuts. As a result, the local school board has been forced to prioritize its educational programs, to increase the millage rate, and to reduce expenditures during these difficult financial times. On a positive note, SPLOST collections remain on target to meet bond obligations. The Bryan County Board of Education is optimistic about the ability of the School Board to maximize all of the financial resources to provide a quality education to our students.
- **Capital Improvements** – The Bryan County Board of Education has successfully passed three SPLOST referenda and has completed numerous capital projects. A new elementary school has been completed and construction is underway for a new middle school.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact Melanie James, CPA and Director of Finance, at the Bryan County Board of Education, 66 South Industrial Boulevard, Pembroke, Georgia 31321. You may also email any questions to [mjames@bryan.k12.ga.us](mailto:mjames@bryan.k12.ga.us), or visit our website at [www.bryan.k12.ga.us](http://www.bryan.k12.ga.us).

BRYAN COUNTY BOARD OF EDUCATION

BRYAN COUNTY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 44,075,846.00
Investments	106,219.25
Accounts Receivable, Net	
Taxes	1,388,162.76
State Government	5,386,480.00
Federal Government	1,101,411.17
Local	14,492.18
Other	4,878.70
Inventories	268,951.26
Prepaid Expenditures	42,861.90
Deferred Charges - Bond Issuance Costs	134,837.95
Capital Assets, Non-Depreciable	11,872,192.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>48,829,857.00</u>
 Total Assets	 <u>\$ 113,226,190.17</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,066,413.06
Salaries and Benefits Payable	4,890,469.66
Interest Payable	321,255.92
Contracts Payable	1,065,327.00
Retainages Payable	430,736.00
Long-Term Liabilities	
Due Within One Year	4,112,090.20
Due in More Than One Year	<u>12,895,924.66</u>
 Total Liabilities	 <u>\$ 25,782,216.50</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 59,626,188.63
Restricted for	
Bus Replacement	103,478.00
Continuation of Federal Programs	1,634,987.30
Debt Service	4,431,898.13
Capital Projects	1,153,149.41
Unrestricted	<u>20,494,272.20</u>
 Total Net Assets	 <u>\$ 87,443,973.67</u>
 Total Liabilities and Net Assets	 <u>\$ 113,226,190.17</u>

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

BRYAN COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 36,268,039.65	
Support Services		
Pupil Services	1,954,267.16	\$ 142,308.99
Improvement of Instructional Services	1,376,118.18	
Educational Media Services	1,101,865.09	
General Administration	575,629.82	
School Administration	2,837,419.96	
Business Administration	387,485.90	
Maintenance and Operation of Plant	4,466,531.75	
Student Transportation Services	2,021,850.18	
Central Support Services	35,131.84	
Other Support Services	109,359.46	
Operations of Non-Instructional Services		
Enterprise Operations	169,676.14	
Community Services	978,565.28	869,994.70
Food Services	2,884,203.00	1,364,252.15
Interest on Short-Term and Long-Term Debt	983,765.72	
Total Governmental Activities	<u>\$ 56,149,909.13</u>	<u>\$ 2,376,555.84</u>
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Other Taxes		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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



## EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)	
OPERATING	CAPITAL	REVENUES	
GRANTS AND	GRANTS AND	AND CHANGES IN	
CONTRIBUTIONS	CONTRIBUTIONS	NET ASSETS	
\$ 24,993,745.73	\$ 1,830,722.00	\$ -9,443,571.92	
581,045.17	155,776.32	-1,075,136.68	
865,936.80	1,831.49	-508,349.89	
920,021.48	19,436.50	-162,407.11	
486,105.97	3,225.35	-86,298.50	
1,687,896.97	27,248.32	-1,122,274.67	
284,141.53	9,310.78	-94,033.59	
2,133,635.92	177,621.50	-2,155,274.33	
543,660.51	374,410.73	-1,103,778.94	
15,346.67		-19,785.17	
17,273.37		-92,086.09	
		-169,676.14	
		-108,570.58	
1,856,977.58	148,279.81	485,306.54	
		-983,765.72	
\$ 34,385,787.70	\$ 2,747,862.80	\$ -16,639,702.79	

\$ 19,605,180.99  
21,241.91  
289,974.34

4,702,706.69  
100,882.42  
1,036,898.00  
650,517.90  
748,663.47

\$ 27,156,065.72

\$ 10,516,362.93

76,927,610.74

\$ 87,443,973.67

BRYAN COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 12,657,971.95	\$ 27,154,579.64	\$ 4,263,294.41	\$ 44,075,846.00
Investments	100,029.58	6,189.67		106,219.25
Accounts Receivable, Net				
Taxes	898,303.12		489,859.64	1,388,162.76
State Government	3,206,260.60	2,180,219.40		5,386,480.00
Federal Government	1,101,411.17			1,101,411.17
Local	14,492.18			14,492.18
Interfund		2,000,000.00		2,000,000.00
Other	4,878.70			4,878.70
Inventories	268,951.26			268,951.26
Prepaid Items	42,861.90			42,861.90
Total Assets	\$ 18,295,160.46	\$ 31,340,988.71	\$ 4,753,154.05	\$ 54,389,303.22
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,038,029.66	\$ 28,383.40		\$ 2,066,413.06
Accounts Payable - Interfund	2,000,000.00			2,000,000.00
Salaries and Benefits Payable	4,890,469.66			4,890,469.66
Contracts Payable		1,065,327.00		1,065,327.00
Retainages Payable		430,736.00		430,736.00
Deposits and Deferred Revenue	329,671.47			329,671.47
Total Liabilities	\$ 9,258,170.79	\$ 1,524,446.40		\$ 10,782,617.19
<u>FUND BALANCES</u>				
Reserved for:				
Bus Replacement	\$ 103,478.00			\$ 103,478.00
Continuation of Federal Programs	1,366,036.04			1,366,036.04
Debt Service			\$ 4,753,154.05	4,753,154.05
Capital Projects		\$ 16,788,829.71		16,788,829.71
Inventories	268,951.26			268,951.26
Unreserved				
Designated for Subsequent Years' Expenditures	3,600,000.00			3,600,000.00
Designated for Student Activities	462,695.25			462,695.25
Designated for Unemployment Contributions	28,050.34			28,050.34
Undesignated Reported in:				
General Fund	3,207,778.78			3,207,778.78
Capital Projects		13,027,712.60		13,027,712.60
Total Fund Balances	\$ 9,036,989.67	\$ 29,816,542.31	\$ 4,753,154.05	\$ 43,606,686.03
Total Liabilities and Fund Balances	\$ 18,295,160.46	\$ 31,340,988.71	\$ 4,753,154.05	\$ 54,389,303.22

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

BRYAN COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 43,606,686.03

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

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

Land	\$	5,193,163.00	
Construction in Progress		6,679,029.00	
Land Improvements		4,343,668.00	
Buildings		54,563,364.00	
Equipment		6,388,609.00	
Infrastructure		1,013,748.00	
Accumulated Depreciation		<u>-17,479,532.00</u>	
Total Capital Assets			60,702,049.00

Taxes that are not available to pay for current period expenditures are deferred in the funds. 329,671.47

Other Long-Term Assets are not available to pay for current period expenditures and therefore are deferred on the Statement of Net Assets. 134,837.95

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

Long-Term Liabilities at year-end consist of:

Bonds Payable	\$	-16,300,000.00	
Accrued Interest		-321,255.92	
Compensated Absences		-71,744.26	
Unamortized Bond Premiums		<u>-636,270.60</u>	
Total Long-Term Liabilities			<u>-17,329,270.78</u>

Net Assets of Governmental Activities (Exhibit "A") \$ 87,443,973.67

BRYAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 19,340,603.63			\$ 19,340,603.63
Sales Taxes	100,882.42		\$ 4,841,343.99	4,942,226.41
State Funds	27,149,739.56	\$ 2,747,862.80		29,897,602.36
Federal Funds	8,562,920.48			8,562,920.48
Charges for Services	2,376,555.84			2,376,555.84
Investment Earnings	152,620.93	459,500.24	38,396.73	650,517.90
Miscellaneous	748,663.47			748,663.47
Total Revenues	\$ 58,431,986.33	\$ 3,207,363.04	\$ 4,879,740.72	\$ 66,519,090.09
<u>EXPENDITURES</u>				
Current				
Instruction	\$ 35,172,494.18			\$ 35,172,494.18
Support Services				
Pupil Services	1,860,424.64			1,860,424.64
Improvement of Instructional Services	1,378,942.30			1,378,942.30
Educational Media Services	1,090,156.18			1,090,156.18
General Administration	557,897.90			557,897.90
School Administration	2,821,005.07			2,821,005.07
Business Administration	338,799.36			338,799.36
Maintenance and Operation of Plant	4,630,546.88			4,630,546.88
Student Transportation Services	1,824,155.90			1,824,155.90
Central Support Services	35,131.84			35,131.84
Other Support Services	109,359.46			109,359.46
Enterprise Operations	169,676.14			169,676.14
Community Services	975,532.04			975,532.04
Food Services Operation	2,847,203.15			2,847,203.15
Capital Outlay		\$ 7,512,049.12		7,512,049.12
Debt Services				
Principal			\$ 3,700,000.00	3,700,000.00
Dues and Fees			1,600.00	1,600.00
Interest			873,000.00	873,000.00
Total Expenditures	\$ 53,811,325.04	\$ 7,512,049.12	\$ 4,574,600.00	\$ 65,897,974.16
Excess of Revenues over (under) Expenditures	\$ 4,620,661.29	\$ -4,304,686.08	\$ 305,140.72	\$ 621,115.93
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In		\$ 3,500,000.00	\$ 409.62	\$ 3,500,409.62
Transfers Out	\$ -3,500,000.00	-409.62		-3,500,409.62
Total Other Financing Sources (Uses)	\$ -3,500,000.00	\$ 3,499,590.38	\$ 409.62	\$ 0.00
Net Change in Fund Balances	\$ 1,120,661.29	\$ -805,095.70	\$ 305,550.34	\$ 621,115.93
Fund Balances - Beginning	7,916,328.38	30,621,638.01	4,447,603.71	42,985,570.10
Fund Balances - Ending	\$ 9,036,989.67	\$ 29,816,542.31	\$ 4,753,154.05	\$ 43,606,686.03

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

BRYAN COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2010

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")	\$	621,115.93
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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	\$ 7,814,230.00	
Depreciation Expense	<u>-1,594,867.00</u>	
Excess of Capital Outlay over Depreciation Expense		6,219,363.00

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		147,181.97
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net assets.		-3,742.00
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Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of Bond Principal Retirements.		3,700,000.00
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Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		-321,255.92
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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:

Amortized Bond Premiums	\$ 212,090.20	
Deferral of Bond Issuance Costs	-44,945.99	
Increase in Compensated Absences	<u>-13,444.26</u>	
Total Additional Expenditures		<u>153,699.95</u>

Change in Net Assets of Governmental Activities (Exhibit "B")	\$	<u>10,516,362.93</u>
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The notes to the basic financial statements are an integral part of this statement.

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BRYAN COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

EXHIBIT "G"

AGENCY  
FUNDS

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 90,661.52
Accounts Receivable, Net	<u>490.90</u>
 Total Assets	 \$ <u><u>91,152.42</u></u>
 <u>LIABILITIES</u>	
Funds Held for Others	\$ <u><u>91,152.42</u></u>

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

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

**REPORTING ENTITY**

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PRESENTATION**

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

***District-wide Statements:***

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

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

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

***Fund Financial Statements:***

The fund financial statements provide information about the School District's funds, 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.

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- District-wide Capital Projects Fund accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.



BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

- Debt Service Fund accounts for taxes (sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various clubs and organizations.

#### **BASIS OF ACCOUNTING**

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

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

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

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

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 - June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

## NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2010, the School District adopted the Governmental Accounting and Standards Board (GASB) Statement No. 51, *Accounting and Reporting for Intangible Assets*. The provisions of this Statement generally require retroactive reporting for intangible assets acquired after June 30, 1980, with the exception of those intangible assets that have indefinite useful lives and those that are considered internally generated.

In addition, the School District adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The provisions of this Statement impacts disclosure regarding derivative instruments entered into by the state and local governments. Derivative disclosures, if any, will be identified in Note 3.

## CASH AND CASH EQUIVALENTS

### Composition of Deposits

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

## INVESTMENTS

### Composition of Investments

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

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

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

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

## RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

## PROPERTY TAXES

The Bryan County Board of Commissioners fixed the property tax levy for the 2009 tax digest year (calendar year) on October 6, 2009 (levy date). Taxes were due on December 31, 2009 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2009 tax digest are reported as revenue in the governmental funds for fiscal year 2010. The Bryan County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2010, for maintenance and operations amounted to \$19,319,361.72.

The tax millage rate levied for the 2009 tax year (calendar year) for the Bryan County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>15.537</u> mills
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## SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$4,841,343.99 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

## INVENTORIES

### Food Inventories

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

## PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2010, are recorded as prepaid items.

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

## CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	Any Amount	N/A
Buildings and Improvements	\$ 10,000.00	up to 50 years
Modular Buildings	\$ 5,000.00	25 years
Improvements Other Than Buildings	\$ 10,000.00	10 to 50 years
Machinery and Equipment	\$ 5,000.00	5 to 20 years
Infrastructure	\$ 50,000.00	50 to 80 years
Software	\$ 10,000.00	10 to 30 years
Intangible Assets	\$ 50,000.00	10 to 20 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.

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

## COMPENSATED ABSENCES

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

Vacation leave of 10 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.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2009	\$ 0.00	\$ 211,806.00	\$ 153,506.00	\$ 58,300.00
2010	\$ 58,300.00	\$ 92,890.38	\$ 79,446.12	\$ 71,744.26

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

## GENERAL OBLIGATION BONDS

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

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

## NET ASSETS

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

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

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

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

## FUND BALANCES

### Reserved

Reserves represent those portions of fund balance equity that are legally segregated for a specific future use.

### Unreserved - Designated

Designated fund balances represent tentative plans for future use of financial resources. The School District has designated \$462,695.25 for Student Activities. The School District has established an unemployment reserve fund in which all funds contribute for future unemployment claims and has designated \$28,050.34 for this purpose. Because next year's ad valorem tax revenues are not received until mid-year, the School District has designated \$3,600,000.00 to be used for funding salaries and benefits for the first quarter of fiscal year 2011.

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

## 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: 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.

#### CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2010, the bank balances were \$45,691,748.30. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution or the pledging financial institution's trust department or agent in the School District's name.

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

CATEGORIZATION OF INVESTMENTS

At June 30, 2010, the carrying value of the School District's total investments was \$106,219.25, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services which are not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at <http://www.audits.ga.gov/SGD/cafr.html>.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is an AAAM rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2010, was 46 days.

Note 4: NON-MONETARY TRANSACTIONS

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

Note 5: CAPITAL ASSETS

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

	Balances July 1, 2009	Increases	Decreases	Balances June 30, 2010
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,193,077.00	\$ 2,000,086.00		\$ 5,193,163.00
Construction Work In Progress	15,415,522.00	5,002,027.00	\$ 13,738,520.00	6,679,029.00
Total Capital Assets, Not Being Depreciated	\$ 18,608,599.00	\$ 7,002,113.00	\$ 13,738,520.00	\$ 11,872,192.00
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 40,398,054.00	\$ 14,165,310.00		\$ 54,563,364.00
Equipment	6,094,706.00	385,327.00	\$ 91,424.00	6,388,609.00
Land Improvements	4,343,668.00			4,343,668.00
Infrastructure	1,013,748.00			1,013,748.00
Less: Accumulated Depreciation:				
Buildings and Improvements	11,400,495.00	1,119,450.00		12,519,945.00
Equipment	3,731,094.00	298,574.00	87,682.00	3,941,986.00
Land Improvements	685,656.00	158,596.00		844,252.00
Infrastructure	155,102.00	18,247.00		173,349.00
Total Capital Assets, Being Depreciated, Net	\$ 35,877,829.00	\$ 12,955,770.00	\$ 3,742.00	\$ 48,829,857.00
Governmental Activity Capital Assets - Net	\$ 54,486,428.00	\$ 19,957,883.00	\$ 13,742,262.00	\$ 60,702,049.00

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

Current year depreciation expense by function is as follows:

Instruction		\$ 1,062,556.00
Support Services		
Pupil Services	\$ 90,413.00	
Improvement of Instructional Services	1,063.00	
Educational Media Services	11,281.00	
General Administration	1,872.00	
School Administration	15,815.00	
Business Administration	5,404.00	
Maintenance and Operation of Plant	103,092.00	
Student Transportation Services	217,309.00	446,249.00
Food Services		86,062.00
		<u>\$ 1,594,867.00</u>

Note 6: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2010, consisted of the following:

	Accounts Payable Interfund	Accounts Receivable Interfund
General Fund	\$ 2,000,000.00	
District-wide Capital Projects		\$ 2,000,000.00
	<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>

Transfers are used to move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund as supplemental funding for capital construction projects. The cash was moved subsequent to June 30, 2010.

Note 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	General Fund	Transfers From District-wide Capital Projects
<u>Transfer to</u>		
District-wide Capital Projects	\$ 3,500,000.00	
Debt Service Fund		\$ 409.62
Total	<u>\$ 3,500,000.00</u>	<u>\$ 409.62</u>

Transfers are used (1) to move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund as supplemental funding source for capital construction and (2) to move remaining sales tax funds from SPLOST II to the Debt Service Fund to repay general obligation debt.



BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

Note 8: RISK MANAGEMENT

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

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

The School has elected to self-insure for all losses related to acts of God other than fire and lightning. The School District has not experienced any losses related to these risks in the past three years.

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2009	\$ 0.00	\$ 7,418.94	\$ 7,418.94	\$ 0.00
2010	\$ 0.00	\$ 64,655.90	\$ 64,655.90	\$ 0.00

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000.00
Director of Finance	\$ 100,000.00
Each Employee	\$ 100,000.00

Note 9: LONG-TERM DEBT

**COMPENSATED ABSENCES**

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

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Series 2008	3.5% - 5.0%	<u>\$ 16,300,000.00</u>

Voters have authorized \$12,570,000.00 in general obligation debt for the purpose of funding capital outlay projects, which was not issued as of June 30, 2010.

The changes in Long-Term Debt during the fiscal year ended June 30, 2010, were as follows:

	Governmental Funds				
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
G. O. Bonds	\$ 20,000,000.00		\$ 3,700,000.00	\$ 16,300,000.00	\$ 3,900,000.00
Compensated Absences (1)	58,300.00	\$ 92,890.38	79,446.12	71,744.26	
Bond Premiums Amortized	<u>848,360.80</u>		<u>212,090.20</u>	<u>636,270.60</u>	<u>212,090.20</u>
	<u>\$ 20,906,660.80</u>	<u>\$ 92,890.38</u>	<u>\$ 3,991,536.32</u>	<u>\$ 17,008,014.86</u>	<u>\$ 4,112,090.20</u>

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

At June 30, 2010, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
<u>Fiscal Year Ended June 30:</u>			
2011	\$ 3,900,000.00	\$ 683,000.00	\$ 212,090.20
2012	4,100,000.00	483,000.00	212,090.20
2013	4,200,000.00	284,500.00	212,090.20
2014	<u>4,100,000.00</u>	<u>94,250.00</u>	
Total Principal and Interest	<u>\$ 16,300,000.00</u>	<u>\$ 1,544,750.00</u>	<u>\$ 636,270.60</u>

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$95,075.03 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education  
Paid to the Georgia Department of Community Health  
For Health Insurance of Non-Certified Personnel  
In the amount of \$74,679.07

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

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 \$20,395.96

**Note 11: SIGNIFICANT COMMITMENTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2010, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Richmond Hill Middle School 10G-615-003	\$ 17,272,701.64	\$ 242,246.60

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

**Note 12: SIGNIFICANT CONTINGENT LIABILITIES**

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

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

**Note 13: POST-EMPLOYMENT BENEFITS**

**GEORGIA SCHOOL PERSONNEL EMPLOYEES 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 Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (OCGA) 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).

**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. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

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, 2010:

**For certificated teachers, librarians and regional educational service agencies:**

July 2009	18.534% of covered payroll for August Coverage
August 2009 - October 2009	14.492% of covered payroll for September - November Coverage
November 2009 - June 2010	18.534% of covered payroll for December - July Coverage

**For non-certificated school personnel:**

July 2009 - June 2010	\$162.72 per member per month plus Department of Education contribution of \$22,838,311.00
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No additional contribution was required by the Board for fiscal year 2010 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2010	100%	\$ 4,958,053.85
2009	100%	\$ 3,715,703.36
2008	100%	\$ 4,108,108.44

**Note 14: RETIREMENT PLANS**

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

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

BRYAN COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

EXHIBIT "H"

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, 2010, were 5.25% of annual salary. The member contribution rate will increase to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2010 were 9.74% of annual salary as required by the June 30, 2007, actuarial valuation. The employer contribution rate will increase to 10.28% effective July 1, 2010.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2010	100%	\$ 3,167,282.65
2009	100%	\$ 3,075,651.88
2008	100%	\$ 2,818,287.56

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BRYAN COUNTY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
<u>REVENUES</u>			
Property Taxes	\$ 19,258,595.00	\$ 19,258,595.00	\$ 19,340,603.63
Sales Taxes	75,000.00	75,000.00	100,882.42
State Funds	27,801,111.00	28,803,570.00	27,149,739.56
Federal Funds	3,404,725.00	6,846,178.00	8,562,920.48
Charges for Services	2,258,600.00	2,258,600.00	2,376,555.84
Investment Earnings	160,000.00	160,000.00	152,620.93
Miscellaneous	209,060.00	212,060.00	748,663.47
Total Revenues	\$ 53,167,091.00	\$ 57,614,003.00	\$ 58,431,986.33
<u>EXPENDITURES</u>			
Current			
Instruction	\$ 33,405,983.00	\$ 37,028,820.00	\$ 35,172,494.18
Support Services			
Pupil Services	1,274,013.00	1,611,121.00	1,860,424.64
Improvement of Instructional Services	1,454,736.00	1,787,581.00	1,378,942.30
Educational Media Services	1,016,443.00	1,016,443.00	1,090,156.18
General Administration	543,050.00	681,431.00	557,897.90
School Administration	2,942,825.00	2,929,825.00	2,821,005.07
Business Administration	338,533.00	338,533.00	338,799.36
Maintenance and Operation of Plant	4,720,265.00	4,725,360.00	4,630,546.88
Student Transportation Services	2,177,460.00	2,191,444.00	1,824,155.90
Central Support Services	46,500.00	46,500.00	35,131.84
Other Support Services	34,000.00	46,012.00	109,359.46
Enterprise Operations			169,676.14
Community Services	958,530.00	958,530.00	975,532.04
Food Services Operation	3,252,349.00	3,252,349.00	2,847,203.15
Total Expenditures	\$ 52,164,687.00	\$ 56,613,949.00	\$ 53,811,325.04
Excess of Revenues over (under) Expenditures	\$ 1,002,404.00	\$ 1,000,054.00	\$ 4,620,661.29
<u>OTHER FINANCING USES</u>			
Other Uses	-1,575,000.00	-1,575,000.00	-3,500,000.00
Net Change in Fund Balances	\$ -572,596.00	\$ -574,946.00	\$ 1,120,661.29
Fund Balances - Beginning	7,365,000.00	7,365,000.00	7,916,328.38
Fund Balances - Ending	\$ 6,792,404.00	\$ 6,790,054.00	\$ 9,036,989.67

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts.

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

See notes to the basic financial statements.

BRYAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	(2)
National School Lunch Program	10.555	N/A	\$ 2,831,797.66 (1)
Total U. S. Department of Agriculture			\$ 2,831,797.66
Education, U. S. Department of			
Impact Aid Cluster			
Direct			
Impact Aid	* 84.041		(3)
Education Technology State Grants Cluster			
Pass-Through From Georgia Department of Education			
Education Technology State Grants	84.318	N/A	\$ 13,675.68
School Improvement Grants Cluster			
Pass-Through From Georgia Department of Education			
School Improvement Grants	84.377	N/A	\$ 65,905.08
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
ARRA - Grants to States	* 84.391	N/A	\$ 643,008.55
ARRA - Preschool Grants	* 84.392	N/A	20,006.62
Grants to States	* 84.027	N/A	841,036.83
Preschool Grants	* 84.173	N/A	18,354.00
Total Special Education Cluster			\$ 1,522,406.00
State Fiscal Stabilization Fund Cluster			
Pass-Through From Georgia Department of Education			
ARRA - Education State Grants	* 84.394	N/A	\$ 3,184,811.00
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
ARRA - Title I Grants to Local Educational Agencies	* 84.389	N/A	\$ 220,921.22
Title I - Grants to Local Educational Agencies	* 84.010	N/A	771,611.01
Total Title I, Part A Cluster			\$ 992,532.23
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 59,692.00
Improving Teacher Quality State Grants	84.367	N/A	231,126.36
Total Other Programs			\$ 290,818.36
Total U. S. Department of Education			\$ 6,070,148.35
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program			\$ 124,881.53
Invitational Grants for Military Connected Schools	12.557		173,363.59
Pass-Through From Office of Treasury and Fiscal Services			
Schools and Roads - Grants to States	10.665	N/A	(4)
Total U. S. Department of Defense			\$ 298,245.12



BRYAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of Child Care and Development Fund Cluster Pass-Through From Bright From the Start: Georgia Department of Early Care and Learning ARRA - Child Care and Development Block Grant	93.713	N/A	\$ <u>4,400.00</u>
Total Federal Financial Assistance			\$ <u>9,204,591.13</u>

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$436,507.49.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$202,172.58) were not maintained separately and are included in the 2010 National School Lunch Program.
- (3) Funds earned on the Impact Aid Program, in the amount of \$289,974.34, do not require reporting of expenditures.
- (4) Funds earned on this program, in the amount of \$152,516.17, 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 Bryan 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.

BRYAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF STATE REVENUE  
YEAR ENDED JUNE 30, 2010

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 964,662.73		\$ 964,662.73
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	2,266,634.00		2,266,634.00
Kindergarten Program - Early Intervention Program	29,841.00		29,841.00
Primary Grades (1-3) Program	5,521,915.00		5,521,915.00
Primary Grades - Early Intervention (1-3) Program	159,295.00		159,295.00
Upper Elementary Grades (4-5) Program	2,768,557.00		2,768,557.00
Upper Elementary Grades - Early Intervention (4-5) Program	200,264.00		200,264.00
Middle School (6-8) Program	4,305,309.87		4,305,309.87
High School General Education (9-12) Program	3,784,802.13		3,784,802.13
Vocational Laboratory (9-12) Program	984,038.00		984,038.00
Students with Disabilities	3,438,289.00		3,438,289.00
Gifted Student - Category VI	759,590.00		759,590.00
Remedial Education Program	285,264.00		285,264.00
Alternative Education Program	362,550.00		362,550.00
Media Center Program	747,487.00		747,487.00
20 Days Additional Instruction	239,101.00		239,101.00
Staff and Professional Development	135,888.00		135,888.00
Indirect Cost			
Central Administration	879,081.00		879,081.00
School Administration	1,417,354.00		1,417,354.00
Facility Maintenance and Operations	1,787,011.00		1,787,011.00
Categorical Grants			
Pupil Transportation			
Regular	512,162.00		512,162.00
Sparsity	13,794.00		13,794.00
Nursing Services	125,444.00		125,444.00
Vocational Supervisors	15,204.00		15,204.00
Education Equalization Funding Grant	1,036,898.00		1,036,898.00
Food Services	111,436.00		111,436.00
Vocational Education	34,331.00		34,331.00
Amended Formula Adjustment	-5,974,584.00		-5,974,584.00
Other State Programs			
Dual Enrollment	3,255.00		3,255.00
Express Program Transportation Reimbursement	1,875.60		1,875.60
Health Insurance	74,679.07		74,679.07
National Teacher Certification	40,318.20		40,318.20
Preschool Handicapped Program	96,567.00		96,567.00
Special Needs Scholarship Program	330.00		330.00
Virtual Schools State Grants	700.00		700.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 2,747,862.80	2,747,862.80
Office of Treasury and Fiscal Services			
Public School Employees Retirement	20,395.96		20,395.96
	<u>\$ 27,149,739.56</u>	<u>\$ 2,747,862.80</u>	<u>\$ 29,897,602.36</u>

See notes to the basic financial statements.

BRYAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2010

SCHEDULE "4"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
<u>SPLOST II PROJECTS</u>					
(1) adding to, renovating, replacing, repairing, improving and equipping existing school buildings and other buildings and facilities useful and desirable in connection therewith;	\$ 5,103,838.00	\$ 15,510,000.00		\$ 15,510,807.47	Completed
(2) acquiring instructional and administrative technology improvements for existing schools; acquiring school buses; acquiring, constructing and equipping new athletic and administrative facilities; acquiring land for future schools;	1,555,000.00	3,649,000.00		3,649,415.38	Completed
(3) acquiring, constructing, and equipping one new elementary school, one new middle school, and one new high school; and acquiring any necessary property therefore, both real and personal; and	10,000,000.00	14,802,000.00	\$ 1,643,650.92	13,158,483.98	Completed
(4) payment of capitalized interest.	1,341,162.00	1,341,162.00		1,341,161.68	Completed
<u>SPLOST III PROJECTS</u>					
(1) acquiring, constructing, and equipping new elementary, middle, and high schools, including necessary land acquisitions;	32,000,000.00	28,898,496.00	5,544,224.87	1,836,035.30	Ongoing
(2) adding to, remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities; and acquiring property, both real and personal; and equipment necessary therefore;	6,060,592.00				Ongoing
(3) acquiring school buses, making instructional and administrative technology improvements, and renovating, adding to, and improving athletic and administrative buildings and facilities; and	1,555,000.00	311,727.00		311,727.44	Ongoing
(4) payment of capitalized interest.	2,884,408.00	2,884,408.00	873,000.00	466,658.33	Ongoing
	<u>\$ 60,500,000.00</u>	<u>\$ 67,396,793.00</u>	<u>\$ 8,060,875.79</u>	<u>\$ 36,274,289.58</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Bryan 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.

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BRYAN COUNTY BOARD OF EDUCATION  
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)  
ALLOTMENTS AND EXPENDITURES - BY PROGRAM  
YEAR ENDED JUNE 30, 2010

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 2,643,075.00	\$ 2,243,198.47	\$ 75,510.00	\$ 2,318,708.47
Kindergarten Program-Early Intervention Program	47,672.00	79,712.46	313.32	80,025.78
Primary Grades (1-3) Program	6,470,458.00	5,365,415.15	258,571.30	5,623,986.45
Primary Grades-Early Intervention (1-3) Program	198,497.00	320,428.20	2,177.57	322,605.77
Upper Elementary Grades (4-5) Program	3,239,010.00	2,763,454.93	152,527.78	2,915,982.71
Upper Elementary Grades-Early Intervention (4-5) Program	222,752.00	198,110.93	1,219.65	199,330.58
Middle School (6-8) Program	5,240,124.00	4,353,104.03	259,510.86	4,612,614.89
High School General Education (9-12) Program	4,837,696.00	5,495,671.97	289,065.84	5,784,737.81
Vocational Laboratory (9-12) Program	1,144,888.00	744,227.69	108,491.83	852,719.52
Students with Disabilities	3,915,408.00			
Category I			4,067.55	4,067.55
Category II		161,165.38	3,347.94	164,513.32
Category III		2,281,962.17	51,903.05	2,333,865.22
Category IV		146,231.50	16,894.19	163,125.69
Category V		69,123.96	17,731.86	86,855.82
Gifted Student - Category VI	899,454.00	858,319.87	18,783.36	877,103.23
Remedial Education Program	328,307.00	391,117.46	3,695.93	394,813.39
Alternative Education Program	421,913.00	201,522.87	8,005.26	209,528.13
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$ 29,609,254.00	\$ 25,672,767.04	\$ 1,271,817.29	\$ 26,944,584.33
Media Center Program	874,714.00	899,983.45	139,994.23	1,039,977.68
Staff and Professional Development	161,366.00		28,223.02	28,223.02
TOTAL QBE FORMULA FUNDS	\$ 30,645,334.00	\$ 26,572,750.49	\$ 1,440,034.54	\$ 28,012,785.03

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

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

## SECTION II

### COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

**Russell W. Hinton**  
STATE AUDITOR  
(404) 656-2174

April 15, 2011

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

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan County Board of Education as of and for the year ended June 30, 2010, which collectively comprise Bryan County Board of Education's basic financial statements and have issued our report thereon dated April 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

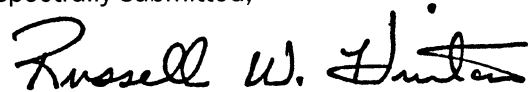
### Compliance and Other Matters

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

We noted a certain matter that we have reported to management of Bryan County Board of Education in a separate letter dated April 15, 2011.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Russell W. Hinton". The signature is written in a cursive style with a large initial "R" and a distinct dot over the "i" in "Hinton".

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010YB-10





## DEPARTMENT OF AUDITS AND ACCOUNTS

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

**Russell W. Hinton**  
STATE AUDITOR  
(404) 656-2174

April 15, 2011

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

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

Ladies and Gentlemen:

**Compliance**

We have audited Bryan County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. Bryan County Board of Education's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Bryan County Board of Education's management. Our responsibility is to express an opinion on Bryan County Board of Education's compliance based on our audit.

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

In our opinion, the Bryan County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

## Internal Control Over Compliance

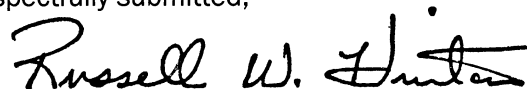
Management of Bryan County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Bryan County Board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

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

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "Russell W. Hinton". The signature is written in a cursive style with a large, stylized "R" and "H".

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010SA-10

### SECTION III

#### AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

BRYAN COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

#### SECTION IV

#### FINDINGS AND QUESTIONED COSTS

BRYAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

**I SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issue:

Governmental Activities; General Fund; Capital Projects Fund; Debt  
Service Fund; Aggregate Remaining Fund Information

Unqualified

Internal control over financial reporting:

- Material weakness identified?
- Significant deficiency identified?

No  
None Reported

Noncompliance material to financial statements noted:

No

Federal Awards

Internal Control over major programs:

- Material weakness identified?
- Significant deficiency identified?

No  
None Reported

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

All major programs

Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with OMB Circular A-133, Section 510(a)?

No

Identification of major programs:

CFDA  
Number(s)

Name of Federal Program or Cluster

Title I, Part A Cluster  
Special Education Cluster  
State Fiscal Stabilization Fund Cluster  
Impact Aid Cluster

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

\$300,000.00

Auditee qualified as low-risk auditee?

No

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.