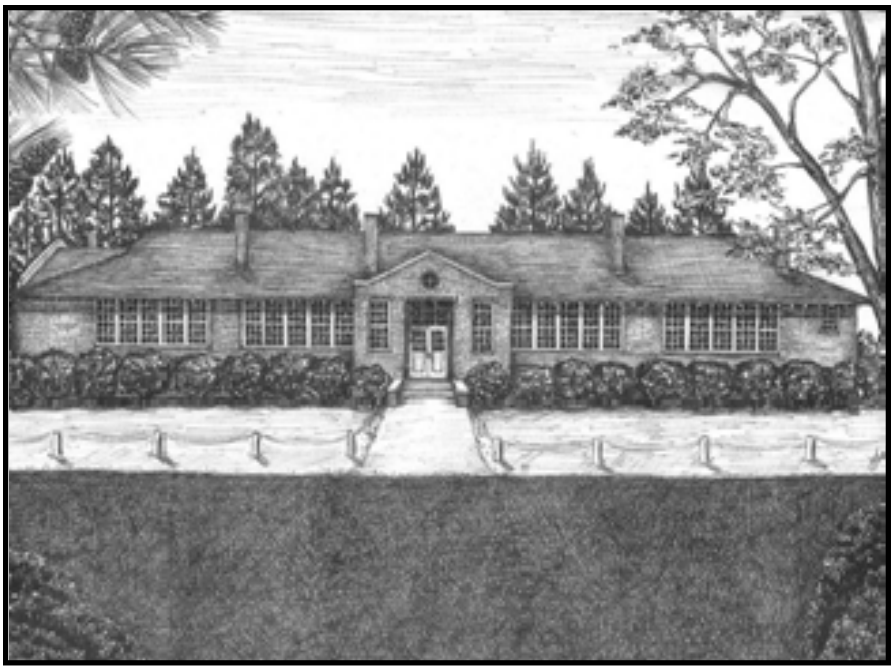


Bryan County Schools

BRYAN COUNTY
BOARD OF EDUCATION
BLACK CREEK, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2011

(Including Independent Auditor's Reports)

BRYAN COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

May 14, 2012

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, 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bryan County Board of Education, as of June 30, 2011, 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.

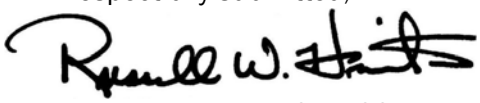
In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012, on our consideration of the Bryan County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

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, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, 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,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011ARL-11

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BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, 2011. 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 2011 are as follows:

- In total, net assets increased $9.9 million, which represents a 11.4 percent increase from fiscal year 2010. This total increase was due to governmental activities since the Board has no business-type activities.

- General revenues accounted for $27.6 million in revenue or 41.1 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 58.9 percent of total revenues. Total revenues were $67.1 million.

- The Board had $57.1 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 $27.6 million were adequate to provide for these programs.

- Among major funds, the general fund had $62.0 million in revenues, $55.0 million in expenditures, and a net change of $3.87 million in other financing uses. The general fund's balance increased from $9.0 million to $12.1 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 question, "How did we do financially during fiscal year 2011? "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 2011 as compared to net assets for fiscal year 2010.

Table 1
Net Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Assets		
Current and Other Assets	$ 45,229,735	$ 52,524,141
Capital Assets, Net	74,317,340	60,702,049
Total Assets	$ 119,547,075	$ 113,226,190
Liabilities		
Current and Other Liabilities	$ 9,219,383	$ 8,774,201
Long-Term Liabilities	12,899,101	17,008,015
Total Liabilities	$ 22,118,484	$ 25,782,216
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 63,949,139	$ 59,626,189
Restricted	7,815,360	7,323,513
Unrestricted	25,664,092	20,494,272
Total Net Assets	$ 97,428,591	$ 87,443,974

Total net assets increased $9.9 million.

Table 2 shows the changes in net assets for fiscal year 2011 as compared to fiscal year 2010.

Table 2
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 2,583,528	$ 2,376,556
Operating Grants and Contributions	36,681,787	34,385,787
Capital Grants and Contributions	228,675	2,747,863
Total Program Revenues	$ 39,493,990	$ 39,510,206
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 19,728,077	$ 19,605,181
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects and Debt Services	4,912,798	4,702,707
Other Taxes	471,541	412,099
Grants and Contributions not		
Restricted to Specific Programs	1,603,515	1,036,898
Investment Earnings	419,494	650,518
Miscellaneous	465,911	748,663
Total General Revenues	$ 27,601,336	$ 27,156,066
Total Revenues	$ 67,095,326	$ 66,666,272
Program Expenses:		
Instruction	$ 38,053,414	$ 36,268,040
Support Services		
Pupil Services	1,874,106	1,954,267
Improvement of Instructional Services	1,071,504	1,376,118
Educational Media Services	1,120,690	1,101,865
General Administration	488,894	575,630
School Administration	2,775,751	2,837,420
Business Administration	487,789	387,486
Maintenance and Operation of Plant	4,577,793	4,466,532
Student Transportation Services	2,111,057	2,021,850
Central Support Services	34,608	35,132
Other Support Services	211,569	109,359
Operations of Non-Instructional Services		
Enterprise Operations	151,193	169,676
Community Services	771,059	978,565
Food Services	2,962,942	2,884,203
Interest on Short-Term and Long-Term Debt	418,340	983,766
Total Expenses	$ 57,110,709	$ 56,149,909
Increase in Net Assets	$ 9,984,617	$ 10,516,363

Governmental Activities

Instruction comprises 66.6 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 2011	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2010
Instruction	$ 38,053,414	$ 36,268,040	$ 11,529,733	$ 9,443,572
Support Services:				
Pupil Services	1,874,106	1,954,267	1,053,566	1,075,137
Improvement of Instructional Services	1,071,504	1,376,118	111,031	508,350
Educational Media Services	1,120,690	1,101,865	201,634	162,407
General Administration	488,894	575,630	9,411	86,298
School Administration	2,775,751	2,837,420	1,040,517	1,122,275
Business Administration	487,789	387,486	140,755	94,034
Maintenance and Operation of Plant	4,577,793	4,466,532	2,358,417	2,155,274
Student Transportation Services	2,111,057	2,021,850	1,325,981	1,103,779
Central Support Services	34,608	35,132	11,363	19,785
Other Support Services	211,569	109,359	114,144	92,086
Operations of Non-Instructional Services:				
Enterprise Operations	151,193	169,676	-237,927	169,676
Community Services	771,059	978,565	-106,992	108,571
Food Services	2,962,942	2,884,203	-353,244	-485,307
Interest on Short-Term and Long-Term Debt	418,340	983,766	418,340	983,766
Total Expenses	$ 57,110,709	$ 56,149,909	$ 17,616,729	$ 16,639,703

Although program revenues make up 58.9 percent of the revenues, the Board is still dependent upon tax revenues for governmental activities. Over 30.3 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities, general revenue support is 30.8 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 $67.2 million and expenditures of $74.8 million. The general fund had a fund balance increase of $3.0 million.

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 and other sources of $62.0 million exceeded the final budget of $58.2 million by $3.8 million. This difference was due to a combination of factors, but primarily due to increased state revenues and the reporting of school activity accounts.

Actual expenditures and other financing uses of $58.9 million were less than the final budget of $59.1 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the Board had $74.3 million invested in capital assets, all in governmental activities. Table 4 shows balances for fiscal year 2011 as compared to balances for fiscal year 2010.

Table 4
Capital Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Land	$ 5,193,163	$ 5,193,163
Construction In Progress	21,334,955	6,679,029
Building and Improvements	40,891,917	42,043,419
Equipment	2,733,826	2,446,623
Land Improvements	3,341,327	3,499,416
Infrastructure	822,152	840,399
Total	$ 74,317,340	$ 60,702,049

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, 2011, the Board had $4.1 million in bonds outstanding due within one year. Table 5 shows balances for fiscal year 2011 as compared to balances for fiscal year 2010.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
General Obligation Bonds	$ 12,400,000	$ 16,300,000

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 $21.1 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, primarily through personnel reductions, 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 four SPLOST referenda and has completed numerous capital projects. A new middle school is scheduled to open at the start of the 2012-2013 school year.

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, 8810 Highway 280 East, Black Creek, Georgia 31308. You may also email any questions to mjames@bryan.k12.ga.us, or visit our website at www.bryan.k12.ga.us.

BRYAN COUNTY BOARD OF EDUCATION

BRYAN COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 38,585,152.46
Investments	106,409.01
Accounts Receivable, Net	
Taxes	1,297,908.68
State Government	4,304,941.00
Federal Government	572,308.81
Other	2,598.02
Inventories	264,900.16
Prepaid Expenditures	5,625.00
Deferred Charges - Bond Issuance Costs	89,891.96
Capital Assets, Non-Depreciable	26,528,118.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	47,789,222.00
Total Assets	$ 119,547,075.10
LIABILITIES	
Accounts Payable	$ 2,120,300.76
Salaries and Benefits Payable	5,003,366.91
Interest Payable	267,085.98
Contracts Payable	736,992.00
Retainages Payable	1,081,948.04
Deposits and Deferred Revenues	9,690.00
Long-Term Liabilities	
Due Within One Year	4,312,090.20
Due in More Than One Year	8,587,010.60
Total Liabilities	$ 22,118,484.49
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 63,949,138.43
Restricted for	
Continuation of Federal Programs	1,631,270.82
Continuation of State Programs	56,302.66
Debt Service	4,842,018.37
Capital Projects	1,285,767.85
Unrestricted	25,664,092.48
Total Net Assets	$ 97,428,590.61
Total Liabilities and Net Assets	$ 119,547,075.10

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, 2011

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 38,053,414.10	
Support Services		
Pupil Services	1,874,105.68	
Improvement of Instructional Services	1,071,503.91	
Educational Media Services	1,120,689.83	
General Administration	488,894.15	
School Administration	2,775,751.13	
Business Administration	487,788.60	
Maintenance and Operation of Plant	4,577,792.86	
Student Transportation Services	2,111,057.17	
Central Support Services	34,608.14	
Other Support Services	211,568.65	
Operations of Non-Instructional Services		
Enterprise Operations	151,193.48	$ 389,120.02
Community Services	771,059.42	878,051.86
Food Services	2,962,942.01	1,316,355.56
Interest on Short-Term and Long-Term Debt	418,339.86	
Total Governmental Activities	$ 57,110,708.99	$ 2,583,527.44
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.

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 26,523,680.93		$ -11,529,733.17
820,539.32		-1,053,566.36
960,472.69		-111,031.22
919,055.99		-201,633.84
479,482.81		-9,411.34
1,735,244.29		-1,040,506.84
347,033.64		-140,754.96
2,219,375.95		-2,358,416.91
556,400.79	$ 228,675.00	-1,325,981.38
23,245.57		-11,362.57
97,424.53		-114,144.12
		237,926.54
		106,992.44
1,999,830.76		353,244.31
		-418,339.86
$ 36,681,787.27	$ 228,675.00	$ -17,616,719.28
		$ 19,728,076.76
		26,321.37
		349,018.05
		4,912,797.88
		96,201.80
		1,603,515.00
		419,494.04
		465,911.32
		$ 27,601,336.22
		$ 9,984,616.94
		87,443,973.67
		$ 97,428,590.61

BRYAN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 13,249,051.29	$ 20,685,818.11	$ 4,650,283.06	$ 38,585,152.46
Investments	100,208.25	6,200.76		106,409.01
Accounts Receivable, Net				
Taxes	837,587.39		460,321.29	1,297,908.68
State Government	4,304,941.00			4,304,941.00
Federal Government	572,308.81			572,308.81
Other	2,598.02			2,598.02
Inventories	264,900.16			264,900.16
Prepaid Items	5,625.00			5,625.00
Total Assets	$ 19,337,219.92	$ 20,692,018.87	$ 5,110,604.35	$ 45,139,843.14
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,021,788.00	$ 97,012.76	$ 1,500.00	$ 2,120,300.76
Salaries and Benefits Payable	5,003,366.91			5,003,366.91
Contracts Payable		736,992.00		736,992.00
Retainages Payable		1,081,948.04		1,081,948.04
Deposits and Deferred Revenue	216,497.46			216,497.46
Total Liabilities	$ 7,241,652.37	$ 1,915,952.80	$ 1,500.00	$ 9,159,105.17
FUND BALANCES				
Nonspendable	$ 270,525.16			$ 270,525.16
Restricted	1,422,673.32	$ 3,517,016.75	$ 5,109,104.35	10,048,794.42
Committed	464,391.19	15,259,049.32		15,723,440.51
Assigned	141,694.90			141,694.90
Unassigned	9,796,282.98			9,796,282.98
Total Fund Balances	$ 12,095,567.55	$ 18,776,066.07	$ 5,109,104.35	$ 35,980,737.97
Total Liabilities and Fund Balances	$ 19,337,219.92	$ 20,692,018.87	$ 5,110,604.35	$ 45,139,843.14

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, 2011

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 35,980,737.97
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	21,334,955.00	
Land Improvements	4,343,668.00	
Buildings	54,598,032.00	
Equipment	6,993,939.00	
Infrastructure	1,013,748.00	
Accumulated Depreciation	-19,160,165.00	
Total Capital Assets		74,317,340.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		206,807.46
Other Long-Term Assets are not available to pay for current period expenditures and therefore are deferred on the Statement of Net Assets.		89,891.96
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	$ -12,400,000.00	
Accrued Interest	-267,085.98	
Compensated Absences	-74,920.40	
Unamortized Bond Premiums	-424,180.40	
Total Long-Term Liabilities		-13,166,186.78
Net Assets of Governmental Activities (Exhibit "A")		$ 97,428,590.61

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

BRYAN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 19,877,262.14			$ 19,877,262.14
Sales Taxes	96,201.80		$ 4,912,797.88	5,008,999.68
State Funds	32,181,306.22			32,181,306.22
Federal Funds	6,681,689.10			6,681,689.10
Charges for Services	2,583,527.44			2,583,527.44
Investment Earnings	115,046.25	$ 276,695.37	27,752.42	419,494.04
Miscellaneous	465,911.32			465,911.32
Total Revenues	$ 62,000,944.27	$ 276,695.37	$ 4,940,550.30	$ 67,218,189.94
EXPENDITURES				
Current				
Instruction	$ 36,508,261.62	$ 411,071.09		$ 36,919,332.71
Support Services				
Pupil Services	1,777,962.66			1,777,962.66
Improvement of Instructional Services	1,070,488.73			1,070,488.73
Educational Media Services	1,098,892.60			1,098,892.60
General Administration	487,665.93			487,665.93
School Administration	2,756,456.51			2,756,456.51
Business Administration	375,334.97	60,003.00		435,337.97
Maintenance and Operation of Plant	4,602,020.32			4,602,020.32
Student Transportation Services	2,259,299.53			2,259,299.53
Central Support Services	34,608.14			34,608.14
Other Support Services	211,568.65			211,568.65
Enterprise Operations	151,193.48			151,193.48
Community Services	772,689.54			772,689.54
Food Services Operation	2,967,735.71			2,967,735.71
Capital Outlay		$ 14,714,285.52		14,714,285.52
Debt Services				
Principal			$ 3,900,000.00	3,900,000.00
Dues and Fees			1,600.00	1,600.00
Interest			683,000.00	683,000.00
Total Expenditures	$ 55,074,178.39	$ 15,185,359.61	$ 4,584,600.00	$ 74,844,138.00
Excess of Revenues over (under) Expenditures	$ 6,926,765.88	$ -14,908,664.24	$ 355,950.30	$ -7,625,948.06
OTHER FINANCING SOURCES (USES)				
Transfers In		$ 3,868,188.00		$ 3,868,188.00
Transfers Out	$ -3,868,188.00			-3,868,188.00
Total Other Financing Sources (Uses)	$ -3,868,188.00	$ 3,868,188.00		$ 0.00
Net Change in Fund Balances	$ 3,058,577.88	$ -11,040,476.24	$ 355,950.30	$ -7,625,948.06
Fund Balances - Beginning	9,036,989.67	29,816,542.31	4,753,154.05	43,606,686.03
Fund Balances - Ending	$ 12,095,567.55	$ 18,776,066.07	$ 5,109,104.35	$ 35,980,737.97

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, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -7,625,948.06
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	$ 15,295,924.00	
Depreciation Expense	-1,680,633.00	
Excess of Capital Outlay over Depreciation Expense		13,615,291.00
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-122,864.01
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.		3,900,000.00
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		54,169.94
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:		
Amortization of Bond premiums	$ 212,090.20	
Deferral of Bond Issuance Costs	-44,945.99	
Increase in Compensated Absences	-3,176.14	
Total Additional Expenditures		163,968.07
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 9,984,616.94

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

BRYAN COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 109,067.16
Accounts Receivable, Net	36.31
Total Assets	$ 109,103.47
LIABILITIES	
Funds Held for Others	$ 109,103.47

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The 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 and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST) and Bond Proceeds that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various 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 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 are 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 System 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 System 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 System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

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 and equity investments are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

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

The School District does not have a formal policy regarding investment policies that address credit risks, 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 2010 tax digest year (calendar year) on August 19, 2010 (levy date). Taxes were due on December 20, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. 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, 2011, for maintenance and operations amounted to $19,850,940.77.

The tax millage rate levied for the 2010 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	15.537 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $4,912,797.88 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, 2011, are recorded as prepaid items.

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:		
Patents, Trademarks, and Copyrights	$ 50,000.00	20 years
Rights of Way and Easements	$ 50,000.00	N/A
Licenses and Permits	$ 50,000.00	20 to 30 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 20 to 30 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
2011	$ 71,744.26	$ 5,543.84	$ 2,367.70	$ 74,920.40

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 continuation of Federal Programs, debt service, capital projects and continuation of State Pre-Kindergarten Program in accordance with restrictions imposed by external third parties.

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

FUND BALANCES

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

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

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

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

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

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

Fund Balances of the Governmental Funds at June 30, 2011, are as follows:

Nonspendable		
Inventories	$ 264,900.16	
Prepaid Assets	5,625.00	$ 270,525.16
Restricted		
Continuation of Federal Programs	$ 1,366,370.66	
Capital Projects	3,517,016.75	
Debt Service	5,109,104.35	
Pre-Kindergarten Lottery Program	56,302.66	10,048,794.42
Committed		
Local Capital Outlay Projects	$ 15,259,049.32	
School Activity Accounts	464,391.19	15,723,440.51
Assigned		
Community Education Program	$ 105,050.56	
Unemployment Fund	36,644.34	141,694.90
Unassigned		9,796,282.98
Fund Balance, June 30, 2011		$ 35,980,737.97

It is the goal of the Bryan County Board of Education to achieve and maintain an unassigned fund balance in the general fund at fiscal year end not to exceed 15% of the total budget of the subsequent fiscal year, net of any Committed Reserve Balance for capital expenditures, in compliance with O.C.G.A. 20-2-167(a)5. The optimum fund balance should be sufficient to provide funding for two months of operating costs, to accommodate cash flow needs, to provide liquidity for response to contingent liabilities, and to provide additional resources for other funds.

When multiple categories of fund balance are available for expenditure, the System will use the most restricted category, followed by available committed funds, followed by available assigned funds, and then by unassigned amounts.

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. At June 30, 2011, the bank balances were $39,706,656.58. The amounts exposed to custodial credit risk are classified into three categories as follows:

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

The School District's deposits by custodial credit risk category at June 30, 2011 are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ 0.00
2	0.00
3	16,130,760.42
Total	$ 16,130,760.42

CATEGORIZATION OF INVESTMENTS

At June 30, 2011, the carrying value of the School District's total investments was $106,409.01, 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 the State Treasurer 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 the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at http://www.audits.ga.gov/SGD/cafr.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAA 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, 2011, was 59 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, 2010	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 5,193,163.00		$ 0.00	$ 5,193,163.00
Construction Work In Progress	6,679,029.00	$ 14,655,926.00		21,334,955.00
Total Capital Assets, Not Being Depreciated	$ 11,872,192.00	$ 14,655,926.00	$ 0.00	$ 26,528,118.00
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 54,563,364.00	$ 34,668.00	$ 0.00	$ 54,598,032.00
Equipment	6,388,609.00	605,330.00		6,993,939.00
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	12,519,945.00	1,186,170.00		13,706,115.00
Equipment	3,941,986.00	318,127.00		4,260,113.00
Land Improvements	844,252.00	158,089.00		1,002,341.00
Infrastructure	173,349.00	18,247.00		191,596.00
Total Capital Assets, Being Depreciated, Net	$ 48,829,857.00	$ -1,040,635.00	$ 0.00	$ 47,789,222.00
Governmental Activity Capital Assets - Net	$ 60,702,049.00	$ 13,615,291.00	$ 0.00	$ 74,317,340.00

Current year depreciation expense by function is as follows:

Instruction		$ 1,114,935.00
Support Services		
Pupil Services	$ 94,660.00	
Improvements of Instructional Services	1,063.00	
Educational Media Services	21,461.00	
General Administration	1,872.00	
School Administration	18,997.00	
Business Administration	4,536.00	
Maintenance and Operation of Plant	104,846.00	
Student Transportation Services	224,779.00	472,214.00
Food Services		93,484.00
		$ 1,680,633.00

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer to	Transfers From General Fund
District-wide Capital Projects	$ 3,868,188.00

Transfers are used to (1) move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund as required match or supplemental funding source for capital construction projects; and to (2) move School Nutrition Funds to Capital Projects for new kitchen equipment.

NOTE 7: 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 District 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
2010	$ 0.00	$ 64,655.90	$ 64,655.90	$ 0.00
2011	$ 0.00	$ 26,970.00	$ 26,970.00	$ 0.00

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

Position Covered	Amount
Superintendent	$ 500,000.00
Director of Finance	$ 100,000.00
Each Employee	$ 100,000.00

NOTE 8: 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.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2008	3.5% - 5.0%	$ 12,400,000.00

The changes in Long-Term Debt during the fiscal year ended June 30, 2011, were as follows:

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
G. O. Bonds	$ 16,300,000.00		$ 3,900,000.00	$ 12,400,000.00	$ 4,100,000.00
Comnpensated Absences (1)	71,744.26	$ 5,543.84	2,367.70	74,920.40	
Bond Premiums Amortized	636,270.60		212,090.20	424,180.40	212,090.20
	$ 17,008,014.86	$ 5,543.84	$ 4,114,457.90	$ 12,899,100.80	$ 4,312,090.20

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

At June 30, 2011, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
Fiscal Year Ended June 30:			
2012	$ 4,100,000.00	$ 483,000.00	$ 212,090.20
2013	4,200,000.00	284,500.00	212,090.20
2014	4,100,000.00	94,250.00	
Total Principal and Interest	$ 12,400,000.00	$ 861,750.00	$ 424,180.40

NOTE 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $108,234.62 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-Certificated Personnel
In the amount of $80,534.62

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $27,700.00

NOTE 10: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2011, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Richmond Hill Middle School 10G-615-003	$ 3,792,848.50	$ 242,246.60
Black Creek Central Office	65,181.49	
	$ 3,858,029.99	$ 242,246.60

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters reauthorized the continuation of a one-cent sales tax for capital outlay projects for educational purposes. Voters also approved the issuance of general obligation bonds in the principal amount not to exceed $23,500,000.00 for these capital outlay projects and for the payment of capitalized interest on such debt.

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

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, 2011:

For certificated teachers, librarians and regional educational service agencies:

July 2010 - April 2011	21.955%	of covered payroll for August - May Coverage
May 2011 - June 2011	1.429%	of covered payroll for June - July Coverage

For non-certificated school personnel:

July 2010 - December 2010	$162.72	per member per month
January 2011 - May 2011	$218.20	per member per month
June 2011	$246.20	per member per month

The Department of Education was appropriated an additional $25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf note disclosure.

No additional contribution was required by the Board for fiscal year 2011 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 5,336,000.35
2010	100%	$ 4,958,053.85
2009	100%	$ 3,715,703.36

NOTE 14: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member

contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2011, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2011 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

Fiscal Year	Percentage Contributed		Required Contribution
2011	100%	$	3,286,119.66
2010	100%	$	3,167,282.65
2009	100%	$	3,075,651.88

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

DEFINED CONTRIBUTION PLAN

In January 2009, the School District implemented a revised 403(b) Plan to include all new provisions of the IRS Code. All employees are eligible to participate and there are multiple providers allowed in the Plan. There are no vesting requirements. The Plan originally provided for a School District contribution of 2% if an employee contributed 3% of his/her salary. Because of budget constraints, the employer contribution was eliminated for the past two years, but was reinstated in January 2012. The employer contributions for the current year and the preceding two fiscal years are as follows:

Fiscal Year	Contributed		Contribution
2011	100%	$	0.00
2010	100%	$	0.00
2009	100%	$	384,658.03

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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, 2011

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 19,245,965.00	$ 19,245,965.00	$ 19,877,262.14
Sales Taxes	75,000.00	75,000.00	96,201.80
State Funds	28,795,141.00	29,853,248.00	32,181,306.22
Federal Funds	2,571,115.00	6,500,085.00	6,681,689.10
Charges for Services	2,180,413.00	2,180,413.00	2,583,527.44
Investment Earnings	140,000.00	140,000.00	115,046.25
Miscellaneous	209,575.00	218,745.00	465,911.32
Total Revenues	$ 53,217,209.00	$ 58,213,456.00	$ 62,000,944.27
EXPENDITURES			
Current			
Instruction	$ 33,783,733.00	$ 37,943,736.92	$ 36,508,261.62
Support Services			
Pupil Services	1,316,764.00	1,536,069.00	1,777,962.66
Improvement of Instructional Services	961,731.00	1,310,661.00	1,070,488.73
Educational Media Services	1,119,099.00	1,119,099.00	1,098,892.60
General Administration	498,632.00	613,867.00	487,665.93
School Administration	2,858,051.00	2,858,051.00	2,756,456.51
Business Administration	374,102.00	374,102.00	375,334.97
Maintenance and Operation of Plant	4,667,830.00	4,672,830.00	4,602,020.32
Student Transportation Services	2,166,858.00	2,234,297.00	2,259,299.53
Central Support Services	41,000.00	41,000.00	34,608.14
Other Support Services	35,000.00	127,679.00	211,568.65
Enterprise Operations			151,193.48
Community Services	832,203.00	832,203.00	772,689.54
Food Services Operation	3,935,720.00	3,936,720.00	2,967,735.71
Total Expenditures	$ 52,590,723.00	$ 57,600,314.92	$ 55,074,178.39
Excess of Revenues over (under) Expenditures	$ 626,486.00	$ 613,141.08	$ 6,926,765.88
OTHER FINANCING USES			
Other Uses	-1,500,000.00	-1,500,000.00	-3,868,188.00
Net Change in Fund Balances	$ -873,514.00	$ -886,858.92	$ 3,058,577.88
Fund Balances - Beginning	8,982,547.27	9,036,894.32	9,036,989.67
Adjustments	-1,939.67		
Fund Balances - Ending	$ 8,107,093.60	$ 8,150,035.40	$ 12,095,567.55

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, 2011

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	$ 3,229,953.52	(1)
Total U. S. Department of Agriculture				$ 3,229,953.52	
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	$ 11,165.22	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 589,198.45	
ARRA - Preschool Grants	*	84.392	N/A	21,030.38	
Grants to States	*	84.027	N/A	921,272.22	
Preschool Grants	*	84.173	N/A	26,251.69	
Total Special Education Cluster				$ 1,557,752.74	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies		84.389	N/A	$ 195,956.00	
Title I - Grants to Local Educational Agencies		84.010	N/A	869,486.75	
Total Title I, Part A Cluster				$ 1,065,442.75	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 45,982.00	
Education Jobs Fund	*	84.410	N/A	1,328,183.00	
Improving Teacher Quality State Grants		84.367	N/A	226,049.91	
Total Other Programs				$ 1,600,214.91	
Total U. S. Department of Education				$ 4,234,575.62	
Defense, U. S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				$ 115,970.31	
Invitational Grants for Military Connected Schools		12.557		84,312.98	
Total U. S. Department of Defense				$ 200,283.29	
Total Expenditures of Federal Awards				$ 7,664,812.43	

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 $400,712.24.
(2) Expenditures for the funds earned on the School Breakfast Program ($209,012.24) were not maintained separately and are included in the 2011 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $349,018.05, 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, 2011

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 1,040,898.33
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	2,365,110.00
Kindergarten Program - Early Intervention Program	40,847.00
Primary Grades (1-3) Program	5,551,429.00
Primary Grades - Early Intervention (1-3) Program	213,199.00
Upper Elementary Grades (4-5) Program	2,842,455.00
Upper Elementary Grades - Early Intervention (4-5) Program	178,360.00
Middle School (6-8) Program	4,965,008.13
High School General Education (9-12) Program	4,656,247.87
Vocational Laboratory (9-12) Program	957,607.00
Students with Disabilities	3,890,700.00
Gifted Student - Category VI	856,307.00
Remedial Education Program	349,956.00
Alternative Education Program	376,026.00
English Speakers of Other Languages	164,183.00
Media Center Program	778,213.00
20 Days Additional Instruction	247,248.00
Staff and Professional Development	143,885.00
Indirect Cost	
Central Administration	917,206.00
School Administration	1,463,133.00
Facility Maintenance and Operations	1,867,146.00
Categorical Grants	
Pupil Transportation	
Regular	481,672.00
Nursing Services	121,410.00
Vocational Supervisors	14,635.00
Education Equalization Funding Grant	1,603,515.00
Food Services	100,410.00
Vocational Education	25,706.00
Amended Formula Adjustment	-4,491,870.00
Other State Programs	.
Dual Enrollment	5,185.00
Health Insurance	80,534.62
Math and Science Supplement	29,668.27
Move Own When Ready Grant	400.00
Preschool Handicapped Program	87,776.00
Pupil Transportation - State School Bonds	228,675.00
Virtual Schools State Grants	725.00
Office of State Treasurer	
Public School Employees Retirement	27,700.00
	$ 32,181,306.22

See notes to the basic financial statements.

BRYAN COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
(1) Acquiring, constructing and equipping new elementary, middle, and high schools; including necessary land acquisitions;	$ 32,000,000.00	$ 27,828,817.00	$ 13,772,619.40	$ 7,380,260.17	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;	1,555,000.00	1,555,555.00		311,727.44	Ongoing
(4) Payment of capitalized interest.	2,884,408.00	2,884,408.00	683,000.00	1,339,658.33	Ongoing
	$ 42,500,000.00	$ 32,268,780.00	$ 14,455,619.40	$ 9,031,645.94	

(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.

See notes to the basic financial statements.

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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, 2011

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 2,764,792.00	$ 2,160,779.79	$ 73,406.63	$ 2,234,186.42
Kindergarten Program-Early Intervention Program	48,036.00	52,784.98		52,784.98
Primary Grades (1-3) Program	6,527,426.00	5,527,492.79	255,114.78	5,782,607.57
Primary Grades-Early Intervention (1-3) Program	243,585.00	365,421.87	900.72	366,322.59
Upper Elementary Grades (4-5) Program	3,331,756.00	2,856,336.25	135,718.44	2,992,054.69
Upper Elementary Grades-Early Intervention (4-5) Program	211,830.00	270,023.70	1,175.42	271,199.12
Middle School (6-8) Program	5,566,610.00	5,199,739.51	255,524.74	5,455,264.25
High School General Education (9-12) Program	5,030,849.00	6,614,142.85	361,229.44	6,975,372.29
Vocational Laboratory (9-12) Program	1,129,893.00	1,005,970.69	105,513.79	1,111,484.48
Students with Disabilities	4,486,923.00			
Category I			2,036.16	2,036.16
Category II		163,660.99	933.43	164,594.42
Category III		2,746,694.62	67,926.87	2,814,621.49
Category IV		152,790.07		152,790.07
Category V		60,516.32		60,516.32
Gifted Student - Category VI	992,911.00	1,080,531.30	13,088.50	1,093,619.80
Remedial Education Program	400,167.00	340,652.49	6,197.70	346,850.19
Alternative Education Program	439,815.00	313,846.42	9,135.46	322,981.88
English Speakers of Other Languages (ESOL)	165,719.00	54,880.33	37.00	54,917.33
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 31,340,312.00	$ 28,966,264.97	$ 1,287,939.08	$ 30,254,204.05
Media Center Program	911,033.00	960,621.45	131,280.16	1,091,901.61
Staff and Professional Development	169,638.00	14,698.07	45,674.94	60,373.01
TOTAL QBE FORMULA FUNDS	$ 32,420,983.00	$ 29,941,584.49	$ 1,464,894.18	$ 31,406,478.67

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

May 14, 2012

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, 2011, which collectively comprise Bryan County Board of Education's basic financial statements and have issued our report thereon dated May 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Bryan County Board of Education is responsible for establishing and maintaining effective 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.

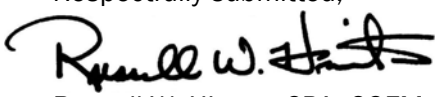
Compliance and Other Matters

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 certain matters that we have reported to management of Bryan County Board of Education in a separate letter dated May 14, 2012.

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,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011YB-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

May 14, 2012

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, 2011. 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, 2011.

Internal Control Over Compliance

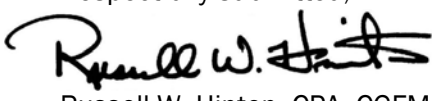
Management of Bryan County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Bryan County Board 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,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011SA-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, 2011

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, 2011

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund

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.