



**BRYAN COUNTY
BOARD OF EDUCATION
BLACK CREEK, GEORGIA**



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014
(Including Independent Auditor's Reports)

BRYAN COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

INDEPENDENT AUDITOR'S REPORT

REQUIRED SUPPLEMENTARY INFORMATION

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

EXHIBITS

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS		
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS		
C	BALANCE SHEET	
	GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	
	GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION	
	FIDUCIARY FUNDS	9
H	NOTES TO THE BASIC FINANCIAL STATEMENTS	10

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	27
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BRYAN COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
SCHEDULES	
SUPPLEMENTARY INFORMATION	
2 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
3 SCHEDULE OF STATE REVENUE	29
4 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	30
5 ALLOTMENTS AND EXPENDITURES	
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)	
BY PROGRAM	31
SECTION II	
COMPLIANCE AND INTERNAL CONTROL REPORTS	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	
SECTION III	
AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SECTION IV	
FINDINGS AND QUESTIONED COSTS	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	

SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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July 30, 2015

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

Ladies and Gentlemen:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bryan County Board of Education, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2014 the Bryan County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through vii and page 27 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bryan County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 2 through 5, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2015, 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* in considering Bryan County Board of Education's internal control over financial reporting and compliance.

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,

/s/ Greg S. Griffin
Greg S. Griffin
State Auditor

GSG:as
2014ARL-11

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014. 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 2014 are as follows:

- In total, net position increased \$5.6 million, which represents a 5.0 percent increase from fiscal year 2013. This total increase was due to governmental activities since the Board has no business-type activities.
- General revenues accounted for \$28.2 million in revenue or 41.3 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$40.1 million or 58.7 percent of total revenues. Total revenues were \$68.3 million.
- The Board had \$62.8 million in expenses related to governmental activities; only \$40.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues, primarily taxes, of \$28.2 million were adequate to provide for these programs.
- Among major funds, the general fund had \$63.0 million in revenues, \$60.1 million in expenditures, and a net change of \$1.6 million in other financing uses. The general fund's balance increased from \$13.5 million to \$14.9 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 Position* 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.

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reporting the Board as a Whole

Statement of Net Position 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 2014?" The *Statement of Net Position* 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 position* and changes in those assets. The change in net position 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 Position 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 Position 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.

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Financial Analysis of the Board as a Whole

The perspective of the Statement of Net Position is of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal year 2014 as compared to net position for fiscal year 2013.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
Assets		
Current and Other Assets	\$ 66,808,412	\$ 44,262,944
Capital Assets, Net	<u>83,237,656</u>	<u>79,215,287</u>
Total Assets	<u>150,046,068</u>	<u>123,478,231</u>
Liabilities		
Current and Other Liabilities	9,426,602	8,952,148
Long-Term Liabilities	<u>24,717,524</u>	<u>4,174,374</u>
Total Liabilities	<u>34,144,126</u>	<u>13,126,522</u>
Net Position		
Net Investment in Capital Assets	81,552,607	75,340,017
Restricted	9,152,794	9,485,322
Unrestricted	<u>25,196,541</u>	<u>25,526,370</u>
Total Net Position	<u>\$ 115,901,942</u>	<u>\$ 110,351,709</u>

Total net position increased \$5.6 million.

Table 2 shows the changes in net position for fiscal year 2014 as compared to fiscal year 2013.

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2014	2013
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 2,831,145	\$ 2,696,999
Operating Grants and Contributions	36,875,314	35,878,145
Capital Grants and Contributions	396,687	226,142
Total Program Revenues	40,103,146	38,801,286
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	18,623,121	18,802,101
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects and Debt Services	5,036,621	5,110,949
Other Taxes	1,990,930	1,587,494
Grants and Contributions not		
Restricted to Specific Programs	1,786,157	1,580,544
Investment Earnings	74,650	135,302
Miscellaneous	727,880	540,701
Total General Revenues	28,239,359	27,757,091
Total Revenues	68,342,505	66,558,377
Program Expenses:		
Instruction	40,286,577	39,959,778
Support Services		
Pupil Services	2,222,188	1,921,047
Improvement of Instructional Services	1,222,269	1,297,520
Educational Media Services	1,037,316	1,202,102
General Administration	516,132	583,384
School Administration	3,482,106	3,184,173
Business Administration	634,011	436,618
Maintenance and Operation of Plant	5,333,268	5,069,135
Student Transportation Services	2,784,950	2,687,096
Central Support Services	143,354	76,331
Other Support Services	146,837	260,863
Operations of Non-Instructional Services		
Enterprise Operations	269,644	199,390
Community Services	784,673	595,078
Food Services	3,658,006	3,488,144
Interest on Short-Term and Long-Term Debt	270,941	-21,455
Total Expenses	62,792,272	60,939,204
Increase in Net Position	\$ 5,550,233	\$ 5,619,173

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Governmental Activities

Instruction comprises 64.2 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 2014	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2013
Instruction	\$ 40,286,577	\$ 39,959,778	\$ 13,386,727	\$ 14,815,681
Support Services:				
Pupil Services	2,222,188	1,921,047	1,825,755	1,522,376
Improvement of Instructional Services	1,222,269	1,297,520	290,755	159,261
Educational Media Services	1,037,316	1,202,102	69,946	154,219
General Administration	516,132	583,384	113,066	113,373
School Administration	3,482,106	3,184,173	1,679,640	1,118,941
Business Administration	634,011	436,618	334,103	156,252
Maintenance and Operation of Plant	5,333,268	5,069,135	2,856,726	2,591,399
Student Transportation Services	2,784,950	2,687,096	2,134,892	1,888,503
Central Support Services	143,354	76,331	41,513	24,695
Other Support Services	146,837	260,863	97,224	200,115
Operations of Non-Instructional Services:				
Enterprise Operations	269,644	199,390	-321,703	-294,960
Community Services	784,673	595,078		-152,811
Food Services	3,658,006	3,488,144	-90,458	-137,671
Interest on Short-Term and Long-Term Debt	270,941	-21,455	270,940	-21,455
Total Expenses	\$ 62,792,272	\$ 60,939,204	\$ 22,689,126	\$ 22,137,918

Although program revenues make up 58.7 percent of the revenues, the Board is still dependent upon tax revenues for governmental activities. Over 33 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities, general revenue support is 36.1 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 \$68.4 million and expenditures of \$71.0 million. The general fund had an increase of \$1.3 million.

General Fund Budgeting Highlights

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

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 \$63.0 million exceeded the final budget of \$61.3 million by \$1.7 million. This difference was due to a combination of factors, but primarily due to increased property taxes, state revenues, and the reporting of school activity accounts.

Actual expenditures and other financing uses of \$61.7 million were less than the final budget of \$63.0 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Board had \$83.2 million invested in capital assets, all in governmental activities. Table 4 shows balances for fiscal year 2014 as compared to balances for fiscal year 2013.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
Land	\$ 5,707,266	\$ 5,670,631
Construction In Progress	3,763,823	198,913
Building and Improvements	63,929,817	64,234,583
Equipment	3,457,918	3,026,731
Land Improvements	3,501,400	3,496,322
Infrastructure	<u>2,877,432</u>	<u>2,588,107</u>
Total	\$ <u>83,237,656</u>	\$ <u>79,215,287</u>

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

Debt

At June 30, 2014, the Board had \$23.5 million in bonds outstanding which were entered into in fiscal year 2014. Table 5 shows balances for fiscal year 2014 as compared to balances for fiscal year 2013.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
General Obligation Bonds	\$ <u>23,500,000</u>	\$ <u>4,100,000</u>

BRYAN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 economic conditions are improving but state funding for education continues to reflect austerity reductions which began in fiscal year 2003. Bryan County continues to show significant growth in student population and the tax base remains stable. Because the Bryan County School System has taken a pro-active approach in managing the school system's finances through prioritization of educational programs, the System continues to have a strong financial position. Further, the Special Purpose Local Option Sales Tax 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 opened at the start of the 2012-2013 school year and two elementary schools are scheduled to open at the start of the 2015-2016 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 POSITION
JUNE 30, 2014

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 44,772,900.54
Investments	14,637,000.00
Accounts Receivable, Net	
Taxes	1,260,061.42
State Government	4,571,183.65
Federal Government	1,346,966.37
Local	12,656.62
Other	22,611.91
Inventories	185,031.62
Capital Assets, Non-Depreciable	9,471,089.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>73,766,567.00</u>
Total Assets	<u>150,046,068.13</u>
<u>LIABILITIES</u>	
Accounts Payable	3,133,696.52
Salaries and Benefits Payable	5,167,332.78
Interest Payable	283,986.00
Contracts Payable	624,417.63
Retainage Payable	217,168.70
Long-Term Liabilities	
Due Within One Year	4,782,386.23
Due in More Than One Year	<u>19,935,137.69</u>
Total Liabilities	<u>34,144,125.55</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	81,552,606.79
Restricted for	
Continuation of Federal Programs	2,349,601.05
Debt Service	4,558,689.00
Capital Projects	2,244,504.23
Unrestricted	<u>25,196,541.51</u>
Total Net Position	<u>\$ 115,901,942.58</u>

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

BRYAN COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 40,286,576.87	
Support Services		
Pupil Services	2,222,188.33	
Improvement of Instructional Services	1,222,269.18	
Educational Media Services	1,037,316.50	
General Administration	516,131.79	
School Administration	3,482,106.45	
Business Administration	634,011.25	
Maintenance and Operation of Plant	5,333,268.41	
Student Transportation Services	2,784,949.72	
Central Support Services	143,353.70	
Other Support Services	146,836.91	
Operations of Non-Instructional Services		
Enterprise Operations	269,644.08	\$ 591,346.82
Community Services	784,672.68	784,672.21
Food Services	3,658,005.82	1,455,126.29
Interest on Short-Term and Long-Term Debt	270,940.51	
	<u>\$ 62,792,272.20</u>	<u>\$ 2,831,145.32</u>
Total Governmental Activities		
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Other Taxes		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 26,714,248.43	\$ 185,601.00	\$ -13,386,727.44
383,208.08	13,225.43	-1,825,754.82
931,514.58		-290,754.60
964,861.00	2,509.31	-69,946.19
397,273.54	5,792.70	-113,065.55
1,798,965.01	3,501.87	-1,679,639.57
299,439.90	468.48	-334,102.87
2,457,605.13	18,937.24	-2,856,726.04
495,617.27	154,440.00	-2,134,892.45
101,840.56		-41,513.14
49,613.12		-97,223.79
		321,702.74
		-0.47
2,281,127.31	12,210.57	90,458.35
		-270,940.51
<u>\$ 36,875,313.93</u>	<u>\$ 396,686.60</u>	<u>-22,689,126.35</u>
		18,623,121.33
		26,792.82
		1,844,832.29
		4,628,039.14
		408,581.46
		119,305.44
		1,786,157.00
		74,649.68
		<u>727,880.38</u>
		<u>28,239,359.54</u>
		5,550,233.19
		<u>110,351,709.39</u>
		<u>\$ 115,901,942.58</u>

BRYAN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 16,694,408.99	\$ 24,164,344.87	\$ 3,914,146.68	\$ 44,772,900.54
Investments		14,637,000.00		14,637,000.00
Accounts Receivable, Net				
Taxes	798,720.24		461,341.18	1,260,061.42
State Government	4,571,183.65			4,571,183.65
Federal Government	1,346,966.37			1,346,966.37
Local	12,656.62			12,656.62
Interfund		189,204.34		189,204.34
Other	22,611.91			22,611.91
Inventories	185,031.62			185,031.62
Total Assets	\$ 23,631,579.40	\$ 38,990,549.21	\$ 4,375,487.86	\$ 66,997,616.47
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 3,125,819.27	\$ 7,877.25		\$ 3,133,696.52
Accounts Payable - Interfund	189,204.34			189,204.34
Salaries and Benefits Payable	5,167,332.78			5,167,332.78
Contracts Payable		624,417.63		624,417.63
Retainages Payable		217,168.70		217,168.70
Total Liabilities	8,482,356.39	849,463.58		9,331,819.97
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	283,758.98			283,758.98
<u>FUND BALANCES</u>				
Nonspendable	185,031.62			185,031.62
Restricted	2,164,569.43	25,456,324.44	\$ 4,375,487.86	31,996,381.73
Committed	554,670.21	12,684,761.19		13,239,431.40
Assigned	413,858.52			413,858.52
Unassigned	11,547,334.25			11,547,334.25
Total Fund Balances	14,865,464.03	38,141,085.63	4,375,487.86	57,382,037.52
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,631,579.40	\$ 38,990,549.21	\$ 4,375,487.86	\$ 66,997,616.47

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 POSITION
JUNE 30, 2014

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 57,382,037.52

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

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

Land	\$	5,707,266.00	
Construction in Progress		3,763,823.00	
Land Improvements		5,016,067.00	
Buildings		81,632,434.00	
Equipment		8,170,434.00	
Infrastructure		3,176,031.00	
Accumulated Depreciation		<u>-24,228,399.00</u>	
Total Capital Assets			83,237,656.00

Taxes that are not available to pay for current period expenditures are deferred in the governmental funds. 283,758.98

Some Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These Liabilities at year-end consist of:

Bonds Payable	\$	-23,500,000.00	
Accrued Interest Payable		-283,986.00	
Compensated Absences Payable		-87,979.00	
Unamortized Bond Premiums		<u>-1,129,544.92</u>	
Total			<u>-25,001,509.92</u>

Net Position of Governmental Activities (Exhibit "A") \$ 115,901,942.58

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, 2014

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 19,752,216.70			\$ 19,752,216.70
Sales Taxes	119,305.44	\$ 408,581.46	\$ 4,628,039.14	5,155,926.04
State Funds	33,859,471.39	242,246.60		34,101,717.99
Federal Funds	5,720,236.30			5,720,236.30
Charges for Services	2,831,145.32			2,831,145.32
Investment Earnings	22,631.54	46,094.34	5,923.80	74,649.68
Miscellaneous	727,880.38			727,880.38
Total Revenues	63,032,887.07	696,922.40	4,633,962.94	68,363,772.41
<u>EXPENDITURES</u>				
Current				
Instruction	38,918,137.24	55,799.93		38,973,937.17
Support Services				
Pupil Services	1,908,496.39	195,699.07		2,104,195.46
Improvement of Instructional Services	1,218,374.90			1,218,374.90
Educational Media Services	1,004,904.23	10,588.95		1,015,493.18
General Administration	460,598.38	6,620.00		467,218.38
School Administration	3,451,650.89			3,451,650.89
Business Administration	368,589.51	258,893.64		627,483.15
Maintenance and Operation of Plant	5,192,725.04			5,192,725.04
Student Transportation Services	2,682,045.08	480,088.20		3,162,133.28
Central Support Services	130,913.45	12,441.50		143,354.95
Other Support Services	146,836.91			146,836.91
Enterprise Operations	269,644.08			269,644.08
Community Services	784,882.76			784,882.76
Food Services Operation	3,550,399.29			3,550,399.29
Capital Outlay		5,420,266.25		5,420,266.25
Debt Services				
Principal			4,100,000.00	4,100,000.00
Dues and Fees			1,500.00	1,500.00
Interest			347,448.74	347,448.74
Total Expenditures	60,088,198.15	6,440,397.54	4,448,948.74	70,977,544.43
Excess of Revenues over (under) Expenditures	2,944,688.92	-5,743,475.14	185,014.20	-2,613,772.02
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Bonds		23,500,000.00		23,500,000.00
Premiums on Bonds Sold		1,411,931.15		1,411,931.15
Transfers In		2,792,441.11		2,792,441.11
Transfers Out	-1,607,570.68		-1,184,870.43	-2,792,441.11
Total Other Financing Sources (Uses)	-1,607,570.68	27,704,372.26	-1,184,870.43	24,911,931.15
Net Change in Fund Balances	1,337,118.24	21,960,897.12	-999,856.23	22,298,159.13
Fund Balances - Beginning	13,528,345.79	16,180,188.51	5,375,344.09	35,083,878.39
Fund Balances - Ending	\$ 14,865,464.03	\$ 38,141,085.63	\$ 4,375,487.86	\$ 57,382,037.52

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, 2014

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ 22,298,159.13

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	\$ 6,415,245.00	
Depreciation Expense	<u>-2,183,134.00</u>	
Excess of Capital Outlay over Depreciation Expense		4,232,111.00

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. -209,742.00

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. -21,267.02

Bond proceeds provide current financial resources to Governmental Funds; however, issuing debt increases Long-Term Liabilities in the Statement of Net Position. In the current period, proceeds were received from:

General Obligation Bonds Issued, Including a Premium of \$1,411,931.15	-24,911,931.15
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Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of Bond Principal Retirements. 4,100,000.00

Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid. -205,878.00

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:

Amortization of Bond Premium	\$ 282,386.23	
Increase in Compensated Absences	<u>-13,605.00</u>	
Total Additional Expenditures		<u>268,781.23</u>

Change in Net Position of Governmental Activities (Exhibit "B") \$ 5,550,233.19

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BRYAN COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

EXHIBIT "G"

	AGENCY FUNDS
	<hr/>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 37,757.36
Accounts Receivable, Net	
Other	<hr/> 646.54
Total Assets	\$ <u><u>38,403.90</u></u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u><u>38,403.90</u></u>

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 Position 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.

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 Education Special Purpose Local Option Sales Tax (ESPLOST), Bond Proceeds, and grants from Georgia State Financing and Investment Commission that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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, both restricted and unrestricted resources are 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.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2014, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this Statement establish accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.

FUTURE ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School District will adopt Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement will require the School District to record a liability for its proportionate share of the Net Pension Liability of pension plans in which it participates. Based on information provided by the Teacher Retirement System of Georgia (TRS), the School District's liability for the unfunded portion of the pension plan administered through TRS is estimated to be \$40,358,168.00 at June 30, 2015.

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 local government investment pool (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.

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 adopted the property tax levy for the 2013 tax digest year (calendar year) on August 13, 2013 (levy date) based on property values as of January 1, 2013. Taxes were due on December 20, 2013 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. 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, 2014, for maintenance and operations amounted to \$18,644,388.35.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

The tax millage rate levied for the 2013 tax year (calendar year) for the Bryan County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>15.537</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,081,035.53 during fiscal year ended June 30, 2014.

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$5,036,620.60 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.

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.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have any items that qualified for reporting in this category for the year ended June 30, 2014.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reporting only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

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 current year may be carried over to the next year, providing such vacation leave does not exceed 25 days.

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 are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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 Position.

NET POSITION

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

Net investment in capital assets - 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 net investment in capital assets.

Restricted net position - This represents resources for which the School District is legally or contractually obligated to spend resources for continuation of Federal Programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net position - Unrestricted net position represents 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.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

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, 2014, are as follows:

Nonspendable		
Inventories	\$	185,031.62
Restricted		
Continuation of Federal Programs	\$	2,164,569.43
Capital Projects		24,989,137.30
Debt Service		<u>4,842,675.00</u>
		31,996,381.73
Committed		
Local Capital Outlay Projects	\$	12,684,761.19
School Activity Accounts		<u>554,670.21</u>
		13,239,431.40
Assigned		
After School Program	\$	283,659.51
Unemployment Fund		<u>130,199.01</u>
		413,858.52
Unassigned		<u>11,547,334.25</u>
Fund Balance, June 30, 2014	\$	<u><u>57,382,037.52</u></u>

It is the goal of the School District 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 Reserved Balance for capital expenditures, in compliance with Official Code of Georgia Annotated Section 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. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget

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

See Schedule 1 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

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

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2014, the School District had deposits with a carrying amount of \$59,447,601.40, which includes \$14,637,000.00 in Certificates of Deposit that are reported as Investments, and a bank balance of \$59,879,633.89. The bank balances insured by Federal depository insurance were \$4,885,842.24, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were \$1,777,506.01.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

The amounts exposed to custodial credit risk are classified into three categories as follows:

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

The School District's deposits by custodial risk category at June 30, 2014, are as follows:

Custodial Credit Risk Category	Bank Balance
1	\$ 0.00
2	0.00
3	<u>53,216,285.64</u>
Total	<u>\$ 53,216,285.64</u>

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2013	Increases	Decreases	Transfers	Balances June 30, 2014
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 5,670,631.00	\$ 36,635.00	\$ 0.00		\$ 5,707,266.00
Construction in Progress	<u>198,913.00</u>	<u>3,614,635.00</u>		\$ -49,725.00	<u>3,763,823.00</u>
Total Capital Assets Not Being Depreciated	<u>5,869,544.00</u>	<u>3,651,270.00</u>	<u>0.00</u>	<u>-49,725.00</u>	<u>9,471,089.00</u>
Capital Assets Being Depreciated					
Buildings and Improvements	80,341,279.00	1,241,430.00		49,725.00	81,632,434.00
Equipment	7,605,216.00	994,979.00	429,761.00		8,170,434.00
Land Improvements	4,831,966.00	184,101.00			5,016,067.00
Infrastructure	2,832,566.00	343,465.00			3,176,031.00
Less Accumulated Depreciation for:					
Buildings and Improvements	16,106,696.00	1,595,921.00			17,702,617.00
Equipment	4,578,485.00	354,050.00	220,019.00		4,712,516.00
Land Improvements	1,335,644.00	179,023.00			1,514,667.00
Infrastructure	<u>244,459.00</u>	<u>54,140.00</u>			<u>298,599.00</u>
Total Capital Assets, Being Depreciated, Net	<u>73,345,743.00</u>	<u>580,841.00</u>	<u>209,742.00</u>	<u>49,725.00</u>	<u>73,766,567.00</u>
Governmental Activity Capital Assets - Net	<u>\$ 79,215,287.00</u>	<u>\$ 4,232,111.00</u>	<u>\$ 209,742.00</u>	<u>\$ 0.00</u>	<u>\$ 83,237,656.00</u>

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

Current year depreciation expense by function is as follows:

Instruction		\$	1,408,483.00
Support Services			
Pupil Services	\$	119,188.00	
Educational Media Services		22,614.00	
General Administration		52,204.00	
School Administration		31,559.00	
Business Administration		4,222.00	
Maintenance and Operation of Plant		170,663.00	
Student Transportation Services		264,159.00	664,609.00
Food Services			110,042.00
		\$	<u>2,183,134.00</u>

NOTE 7: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2014, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund		\$ 189,204.34
District-wide Capital Projects	\$ <u>189,204.34</u>	
	\$ <u>189,204.34</u>	\$ <u>189,204.34</u>

Interfund activity used to provide supplemental funding for capital construction projects.

NOTE 8: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfers From	
<u>Transfer to</u>	General Fund	Debt Service Fund
District-wide Capital Projects	\$ <u>1,607,570.68</u>	\$ <u>1,184,870.43</u>

Transfers are used to 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. Transfers are also used to move unexpended sales tax proceeds from the Debt Service Fund to the District-wide Capital Projects Fund as supplemental funding source for capital construction projects.

NOTE 9: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with assets and job related illness or injuries to employees. 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.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage.

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:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2013	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2014	\$ 0.00	\$ 2,679.60	\$ 2,679.60	\$ 0.00

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 500,000.00
Each Employee	\$ 100,000.00

NOTE 10: OPERATING LEASES

Bryan County Board of Education has entered into various leases as lessee for rental of copy machines. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2014, for governmental funds amounted to \$169,503.00.

NOTE 11: LONG-TERM LIABILITIES

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Series 2013	2.0% - 4.0%	\$ <u>23,500,000.00</u>

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2014, were as follows:

	Governmental Activities				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
G. O. Bonds	\$ 4,100,000.00	\$ 23,500,000.00	\$ 4,100,000.00	\$ 23,500,000.00	\$ 4,500,000.00
Compensated Absences (1)	74,374.00	15,900.66	2,295.66	87,979.00	
Bond Premiums Amortized	0.00	1,411,931.15	282,386.23	1,129,544.92	282,386.23
	<u>\$ 4,174,374.00</u>	<u>\$ 24,927,831.81</u>	<u>\$ 4,384,681.89</u>	<u>\$ 24,717,523.92</u>	<u>\$ 4,782,386.23</u>

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

At June 30, 2014, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
<u>Fiscal Year Ended June 30:</u>			
2015	\$ 4,500,000.00	\$ 640,350.00	\$ 282,386.23
2016	4,600,000.00	549,350.00	282,386.23
2017	4,800,000.00	433,175.00	282,386.23
2018	5,000,000.00	271,000.00	282,386.23
2019	4,600,000.00	89,500.00	
Total Principal and Interest	<u>\$ 23,500,000.00</u>	<u>\$ 1,983,375.00</u>	<u>\$ 1,129,544.92</u>

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$2,863,279.00 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

Paid to the Georgia Department of Community Health

For Health Insurance of Certificated Personnel

In the amount of \$2,754,636.00

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 \$108,643.00

Funds paid to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District are reported as part of the Quality Basic Education revenue allotments on Schedule 3 – Schedule of State Revenue.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

NOTE 13: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2014, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Richmond Hill High Field house	\$ 161,134.00	
Bryan County Elementary School Phase I	1,209,504.87	\$ 3,441,836.00
Bryan County Elementary School Phase II	15,291,556.70	
McAllister Elementary School Phase I	1,014,290.71	
McAllister Elementary School Phase II	17,725,222.00	
	<u>\$ 35,401,708.28</u>	<u>\$ 3,441,836.00</u>

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

NOTE 14: 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 15: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2014:

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

July 1, 2013 - June 30, 2014 \$945.00 per member per month

For non-certificated school personnel:

July 1, 2013 - June 30, 2014 \$596.20 per member per month

No additional contribution was required by the Board for fiscal year 2014 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:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2014	100%	\$ 5,785,329.60
2013	100%	\$ 5,242,964.42
2012	100%	\$ 5,604,793.01

NOTE 16: 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

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

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, 2014, were 6.00% of annual salary. Employer contributions required for fiscal year 2014 were 12.28% of annual salary as required by the June 30, 2011, actuarial valuation.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2014	100%	\$ 4,002,066.55
2013	100%	\$ 3,659,274.57
2012	100%	\$ 3,301,663.18

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.

BRYAN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

EXHIBIT "H"

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 in July 2010 but reinstated in January 2012. The employer contributions for the current year and the preceding two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>		<u>Required Contribution</u>
2014	100%	\$	435,830.93
2013	100%	\$	420,460.96
2012	100%	\$	209,849.50

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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, 2014

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
<u>REVENUES</u>				
Property Taxes	\$ 18,864,440.00	\$ 18,864,440.00	\$ 19,752,216.70	\$ 887,776.70
Sales Taxes	85,000.00	85,000.00	119,305.44	34,305.44
State Funds	32,332,358.00	33,301,842.00	33,859,471.39	557,629.39
Federal Funds	3,040,000.00	6,027,200.00	5,720,236.30	-306,963.70
Charges for Services	2,312,943.00	2,312,943.00	2,831,145.32	518,202.32
Investment Earnings	25,300.00	25,300.00	22,631.54	-2,668.46
Miscellaneous	713,772.00	713,772.00	727,880.38	14,108.38
Total Revenues	57,373,813.00	61,330,497.00	63,032,887.07	1,702,390.07
<u>EXPENDITURES</u>				
Current				
Instruction	36,516,213.00	39,790,946.00	38,918,137.24	872,808.76
Support Services				
Pupil Services	1,362,937.00	1,503,547.00	1,908,496.39	-404,949.39
Improvement of Instructional Services	1,030,475.00	1,482,967.00	1,218,374.90	264,592.10
Educational Media Services	1,018,109.00	1,013,909.00	1,004,904.23	9,004.77
General Administration	537,051.00	564,925.00	460,598.38	104,326.62
School Administration	3,372,917.00	3,395,015.00	3,451,650.89	-56,635.89
Business Administration	374,545.00	373,370.00	368,589.51	4,780.49
Maintenance and Operation of Plant	5,700,143.00	5,720,610.00	5,192,725.04	527,884.96
Student Transportation Services	2,992,325.00	3,003,725.00	2,682,045.08	321,679.92
Central Support Services	146,721.00	146,721.00	130,913.45	15,807.55
Other Support Services	59,500.00	108,322.00	146,836.91	-38,514.91
Enterprise Operations			269,644.08	-269,644.08
Community Services	766,843.00	766,843.00	784,882.76	-18,039.76
Food Services Operation	3,730,962.00	3,730,962.00	3,550,399.29	180,562.71
Total Expenditures	57,608,741.00	61,601,862.00	60,088,198.15	1,513,663.85
Excess of Revenues over (under) Expenditures	-234,928.00	-271,365.00	2,944,688.92	3,216,053.92
<u>OTHER FINANCING USES</u>				
Other Uses	-360,000.00	-1,360,000.00	-1,607,570.68	-247,570.68
Net Change in Fund Balances	-594,928.00	-1,631,365.00	1,337,118.24	2,968,483.24
Fund Balances - Beginning	13,610,983.98	12,197,298.52	13,528,345.79	1,331,047.27
Fund Balances - Ending	\$ 13,016,055.98	\$ 10,565,933.52	\$ 14,865,464.03	\$ 4,299,530.51

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

- (1) Original and Final Budget amounts do not include the budgeted revenues of the various principal accounts.
The actual revenues and expenditures of the various principal accounts are \$1,129,792.83 and \$1,019,779.73, respectively.

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, 2014

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	\$ 3,422,984.59 (1)
Total U. S. Department of Agriculture			<u>3,422,984.59</u>
Education, U. S. Department of			
Impact Aid			
Direct			
Impact Aid	84.041		(3)
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	* 84.027	N/A	1,338,297.27
Preschool Grants	* 84.173	N/A	<u>21,592.72</u>
Total Special Education Cluster			<u>1,359,889.99</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	43,683.00
English Language Acquisition Grants	84.365	N/A	17,478.01
Improving Teacher Quality State Grants	84.367	N/A	211,438.49
Title I Grants to Local Educational Agencies	84.010	N/A	<u>1,013,668.88</u>
Total Other Programs			<u>1,286,268.38</u>
Total U. S. Department of Education			<u>2,646,158.37</u>
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program			<u>154,883.62</u>
Total Expenditures of Federal Awards			<u>\$ 6,224,026.58</u>

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$310,907.68.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$298,470.59) were not maintained separately and are included in the 2014 National School Lunch Program.
- (3) Funds earned on the Impact Aid Program, in the amount of \$763,796.76, 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, 2014

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 831,988.60		\$ 831,988.60
Education, Georgia Department of			
Quality Basic Education (1)			
Direct Instructional Cost			
Kindergarten Program	2,478,456.00		2,478,456.00
Kindergarten Program - Early Intervention Program	26,968.00		26,968.00
Primary Grades (1-3) Program	5,437,647.00		5,437,647.00
Primary Grades - Early Intervention (1-3) Program	328,655.00		328,655.00
Upper Elementary Grades (4-5) Program	2,564,874.00		2,564,874.00
Upper Elementary Grades - Early Intervention (4-5) Program	198,177.00		198,177.00
Middle School (6-8) Program	5,124,507.00		5,124,507.00
High School General Education (9-12) Program	4,265,498.00		4,265,498.00
Vocational Laboratory (9-12) Program	1,269,176.00		1,269,176.00
Students with Disabilities	4,317,653.00		4,317,653.00
Gifted Student - Category VI	2,210,069.00		2,210,069.00
Remedial Education Program	480,260.00		480,260.00
Alternative Education Program	348,470.00		348,470.00
English Speakers of Other Languages (ESOL)	80,969.00		80,969.00
Media Center Program	816,209.00		816,209.00
20 Days Additional Instruction	251,416.00		251,416.00
Staff and Professional Development	160,642.00		160,642.00
Principal Staff and Professional Development	2,544.00		2,544.00
Indirect Cost			
Central Administration	917,293.00		917,293.00
School Administration	1,513,344.00		1,513,344.00
Facility Maintenance and Operations	2,033,632.00		2,033,632.00
Amended Formula Adjustment	-4,729,489.00		-4,729,489.00
Categorical Grants			
Pupil Transportation			
Regular	460,751.00		460,751.00
Nursing Services	149,999.00		149,999.00
Education Equalization Funding Grant	1,786,157.00		1,786,157.00
Food Services	98,278.00		98,278.00
Vocational Supervisors	26,733.00		26,733.00
Other State Programs			
Math and Science Supplements	27,179.20		27,179.20
Move on When Ready Grant	400.00		400.00
Preschool Handicapped Program	91,855.00		91,855.00
Pupil Transportation - State Bonds	154,440.00		154,440.00
Technology to Support Digital Learning Bonds	19,000.00		19,000.00
Vocational Education	7,077.59		7,077.59
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 242,246.60	242,246.60
Office of the State Treasurer			
Public School Employees' Retirement	108,643.00		108,643.00
	\$ 33,859,471.39	\$ 242,246.60	\$ 34,101,717.99

- (1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of \$2,754,636.00 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

BRYAN COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED SPECIAL PURPOSE LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2014

SCHEDULE "4"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST III Projects							
(1) acquiring, constructing, and equipping new elementary, middle, and high schools, including necessary land acquisitions;	\$ 32,000,000.00	\$ 28,522,935.00	\$ 447,578.45	\$ 27,730,010.57			December 2014 (4)
(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						(5)
(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	785,697.44	473,970.00	311,727.44	\$ 785,697.44		Completed
(4) payment of capitalized interest.	2,884,408.00	2,884,408.33	94,250.00	2,790,158.33	2,884,408.33		Completed
	<u>42,500,000.00</u>	<u>32,193,040.77</u>	<u>1,015,798.45</u>	<u>30,831,896.34</u>	<u>3,670,105.77</u>		
SPLOST IV Projects							
(1) acquiring, constructing, and equipping new elementary, middle, and high schools;	24,294,379.00	24,294,379.00	3,318,247.83	149,187.61			July 2015
(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;	1,361,047.00	965,000.00					July 2018
(3) acquiring school buses, acquiring textbooks, making instructional and administrative technology improvements, and renovating, adding to, and improving athletic and administrative buildings and facilities;	4,608,000.00	4,608,000.00					July 2018
(4) payment of capitalized interest.	2,236,574.00	2,236,574.00	253,198.74				August 2018
	<u>32,500,000.00</u>	<u>32,103,953.00</u>	<u>3,571,446.57</u>	<u>149,187.61</u>	<u>0.00</u>		
	<u>\$ 75,000,000.00</u>	<u>\$ 64,296,993.77</u>	<u>\$ 4,587,245.02</u>	<u>\$ 30,981,083.95</u>	<u>\$ 3,670,105.77</u>		

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Bryan County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) The replacement of the middle school was substantially completed in August 2012; however, there are remaining contractual items that will be completed before finalizing this project.
- (5) These projects are currently being funded by local capital outlay funds; therefore, project budgets and costs are not reflective on this statement.

BRYAN COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2014

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 2,916,622.00	\$ 2,663,454.04	\$ 84,104.04	\$ 2,747,558.08
Kindergarten Program-Early Intervention Program	33,230.00		251.00	251.00
Primary Grades (1-3) Program	6,455,744.00	6,124,359.51	371,555.97	6,495,915.48
Primary Grades-Early Intervention (1-3) Program	386,047.00	359,553.38	1,851.02	361,404.40
Upper Elementary Grades (4-5) Program	3,089,436.00	3,591,100.07	270,963.17	3,862,063.24
Upper Elementary Grades-Early Intervention (4-5) Program	238,377.00	174,517.13	1,204.76	175,721.89
Middle School (6-8) Program	6,077,169.00	5,960,711.44	485,552.62	6,446,264.06
High School General Education (9-12) Program	5,043,419.00	6,488,678.49	756,250.91	7,244,929.40
Vocational Laboratory (9-12) Program	1,503,043.00	1,200,588.33	150,283.81	1,350,872.14
Students with Disabilities	5,139,647.00			
Category I			793.29	793.29
Category II		196,942.80	1,329.02	198,271.82
Category III		3,551,382.46	126,897.81	3,678,280.27
Category IV		122,537.25	5.73	122,542.98
Category V		53,707.03		53,707.03
Gifted Student - Category VI	2,402,984.00	701,495.29	13,786.96	715,282.25
Remedial Education Program	550,766.00	557,839.84	830.30	558,670.14
Alternative Education Program	419,943.00	100,332.28		100,332.28
English Speakers of Other Languages (ESOL)	99,206.00	151,073.23	1,996.53	153,069.76
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	34,355,633.00	31,998,272.57	2,267,656.94	34,265,929.51
Media Center Program	964,741.00	882,307.21	119,868.33	1,002,175.54
Staff and Professional Development	189,849.00	42,999.33	176,785.34	219,784.67
TOTAL QBE FORMULA FUNDS	\$ 35,510,223.00	\$ 32,923,579.11	\$ 2,564,310.61	\$ 35,487,889.72

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

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

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

July 30, 2015

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bryan County Board of Education's basic financial statements and have issued our report thereon dated July 30, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bryan County Board of Education's financial statements are free from 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 July 30, 2015.

Purpose of this Report

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

Respectfully submitted,

/s/ Greg S. Griffin

Greg S. Griffin

State Auditor

GSG:as
2014YB-10



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

July 30, 2015

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Bryan County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Bryan County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bryan County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

/s/ Greg S. Griffin

Greg S. Griffin
State Auditor

GSG:as
2014SA-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, 2014

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, 2014

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 Unmodified

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 Unmodified

Any audit findings disclosed that are required to be reported in
accordance with OMB Circular A-143, Section 510(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.