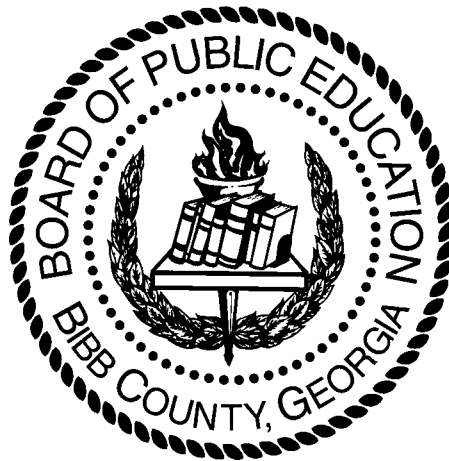


BIBB COUNTY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2005



**Prepared by:
Bibb County School District
Finance Division**

**484 Mulberry Street
Macon, Georgia 31201**

**BIBB COUNTY SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**BIBB COUNTY SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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I. INTRODUCTORY SECTION



Bibb County Public Schools

484 MULBERRY STREET * POST OFFICE BOX 6157
MACON, GEORGIA 31208 * (478)765-8711

November 30, 2005

To the Members of the Board of Public Education for Bibb County and Citizens of Bibb County, Georgia:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Bibb County Public School District (District) for the fiscal year ended June 30, 2005. This report prepared by the Finance Division conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration and is presented for your careful review.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- The *Introductory* section includes this letter of transmittal, an organization chart and a list of the Board's principal elected and appointed officials.
- The *Financial* Section includes the Management's Discussion and Analysis (MD&A) and all financial statements and schedules as required by the Governmental Accounting Standards Board (GASB) Statement #34 as well as

the independent auditor's report on these financial statements and schedules. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it.

- The *Statistical* section includes selected financial and demographic information, generally presented on a multi year basis.
- The *Single Audit* section contains schedules and auditor's reports required for the District to comply with the Revised Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

GOVERNMENTAL STRUCTURE

The Board of Public Education for Bibb County (Board) is the official governing body of the District and as such is responsible for the operation of all public schools within Bibb County. Annually, the Board elects a President, Vice-President, Treasurer and Secretary. The Superintendent is appointed by the Board for a term that is determined by the Board. As its Chief Executive Officer, the Superintendent has general supervisory and administrative responsibility for all departments and personnel of the District.

The Georgia Constitution provides that the management and control of the School District shall be under the Board of Education. The eight elected Board members have decision-making authority and the power to designate management and significantly influence operations.

On November 2, 2004 the voters of Bibb County voted overwhelmingly (58%) in favor of an election referendum request to grant fiscal independence to the Bibb County School District. This action by the voters granted the Board the power to determine its own millage rate at which school taxes are levied and to incur bonded indebtedness with voter approval. Prior to fiscal independence, these powers resided with the Bibb County Board of County Commissioners. In previous years the School District was reported as a component unit of Bibb County. However, beginning with this fiscal year ended June 30, 2005, the District is reporting as its own primary government.

DISTRICT PROFILE

The District includes all of Bibb County, Georgia. The purpose and responsibility of the District is to provide a thorough and efficient educational program for all students. The District's objective is to ensure that each child has access to programs and services that are appropriate to his or her educational needs. From pre-kindergarten through the twelfth grade, students learn in an atmosphere that promotes cultural understanding and respect, while holding the highest standards for academic achievement and personal responsibility.

The standard curricula in our 27 elementary, 6 middle and 6 high schools provide a solid educational foundation. We currently have 3 magnet elementary schools, 1 magnet middle school, 4 magnet high schools and 1 high school offering career opportunities.

Among our five specialty schools, we have two facilities that meet special needs, *Butler Early Childhood Center* and *Elam Alexander Academy*. Butler also provides a pre-kindergarten program for 4-year olds. We also have the *Renaissance Academy*, which offers students a second chance to complete a high school education in a non-traditional setting. Students who may have job-

related or family responsibilities, have dropped out of school, or are currently struggling in high school, are given individual academic attention at *Renaissance Academy*. Also among our list of special schools is a *Teen Parent Center* where pregnant and parenting middle and high school students can work toward their high school diploma. *Joseph Neel Academy* is for students who are removed from their classrooms due to disruptive behavior. There they encounter a disciplined environment and regular counseling about their behavior, attitudes, and schoolwork until they earn their way back to their home schools.

Our mission is to provide a high quality education for all Bibb County students in a safe, comfortable environment and to make use of all human and technological resources in preparing graduates for post-high school objectives. Our vision is one of achievement and performance for every school, for every classroom, and for every child.

Other highlights of the Bibb County School District include:

- International Baccalaureate Program
- Gifted Programs
- Award Winning Music Instruction
- System-wide Special Education Instruction
- School House Health Services
- Mentors and Tutoring Programs
- After School Programs
- Technology/Career Education Programs
- Apprenticeship Programs
- Athletics and Physical Education

The District has a staff comprising approximately 3,499 employees including 1,617 teachers. The District's actual K-12 enrollment at the end of the third month of the FY2005 school year was 24,583. The District also served 565 pre-kindergarten students.

MAJOR INITIATIVES

Balanced Scorecard Several years ago, the Bibb County School District adopted and began implementing a balanced scorecard approach

to measuring the performance of the School District in achieving its goals. The system balanced scorecard is an extension of strategic planning for the District in its efforts to maximize student achievement. The central office balanced scorecard was rolled out in FY2005. The central office balanced scorecard cascades from the system-wide balanced scorecard and joins in its efforts to improve student achievement and organizational effectiveness. The scorecard also measures the effectiveness of the District as a whole in achieving its strategic performance objectives. The District-wide Strategic Objectives are as follows:

1. The Bibb County School District will ensure that all students attain high levels of achievement in all content areas by focusing on teaching and learning the Georgia Performance Standards (GPS).
2. The Bibb County School District will recruit, employ, develop and retain a quality workforce that achieves the mission and goals of the organization.
3. The Bibb County School District will ensure a safe and conducive learning and working environment for all.
4. The Bibb County School District will meet the needs for information through technological services that support performance and desired results.

The 1999 Capital Improvement Program Our most recent Capital Improvement Program which began six years ago and has recently been completed was funded primarily by a Special Purpose Local Option Sales Tax (SPLOST) which produced \$140 million. The system also received \$17 million in state capital outlay funds; \$430,000 from the City of Macon; and \$1.3 million from other local education funds. The projects that were included in this program were:

- ❑ Construction of eight new schools: Burdell-Hunt; Heritage, Skyview and Taylor Elementary Schools; Howard and Rutland Middle Schools; and Hutchings and Rutland High Schools
- ❑ Rebuilding of two historic elementary schools, Vineville Academy and Alexander II Magnet School, with community input to ensure historic

preservation

- ❑ Addition of 106 classrooms along with 6 new music rooms, 9 new gymnasiums, and a new central kitchen; and major renovations of several schools

The 2005 Capital Improvement Program

Encouraged by the success of the 1999 Capital Improvement Program, on September 20, 2005, 71% of the voters of Bibb County once again voted in favor of a referendum approving a one-cent Special Purpose Local Option Sales Tax for capital improvements. The referendum approved a maximum collection of \$165.6 million over the period covering January 1, 2006 through December 31, 2010. Highlights of the new Capital Improvement Program are:

- ❑ 3 new high schools (2 to replace existing facilities)
- ❑ 2 new middle schools (1 to replace an existing facility)
- ❑ 1 new elementary school (to replace an existing facility)
- ❑ New early childhood center (to replace existing facility)
- ❑ Classroom additions at 4 schools
- ❑ Renovations at 9 elementary schools, 1 middle school, 1 high school, Neel Academy and the Career Center Annex
- ❑ School based technology innovations
- ❑ Purchase new and replacement school buses and maintenance, delivery and security vehicles
- ❑ Athletic facility improvements

The referendum also approved the issuance of general obligation bonds up to \$76.5 million repayable from the proceeds of the penny sales tax. The bonds are scheduled to be issued in December 2005 and January 2006.

**ECONOMIC CONDITION
AND OUTLOOK**

The primary strength of our local economy continues to be diversification as well as the fact that we are located in the "Heart of Georgia" at the crossroads of Interstates 75 and 16, approximately 80 miles south of Atlanta

and Hartsfield-Jackson International Airport. *Inc.* magazine recently identified Macon as one of the Top 50 Small Metro Areas in the United States.¹

The county's population, estimated to be 155,170 by the U.S. Census Bureau for the year ended 2004, continues to be about the same as prior years due to population decline in the city offset by growth in the county. According to the Georgia Department of Labor, Bibb County had a 2004 civilian workforce of 71,353 with a 5.1% unemployment rate versus a 4.4% unemployment rate in 2003.

A listing of the major employers of Bibb County, GA is provided in the schedules which follow:

<i>Largest Private Employers²</i>	
<i><u>Employers</u></i>	<i><u># of Employees</u></i>
GEICO	3,634
Mercer University	1,338
Coliseum Medical Center	1,300
R.J. Reynolds (formerly Brown & Williamson Tobacco Co.)	1,251
YKK (USA), Inc.	877

<i>Largest Public Employers²</i>	
<i><u>Employers</u></i>	<i><u># of Employees</u></i>
Medical Center of Central GA	5,195
Bibb County Schools	3,500
City of Macon	1,606
Bibb County	884
US Postal Service	678

The Bibb County economy continues to be heavily influenced by the 27,000 civilian, contractors, and military personnel at the Robins Air Force Base. Recent BRAC (Base Realignment and Closure) Commission recommendations could result in a net gain of 749 additional jobs at Robins. In

FY2004 Robins Air Force Base had an annual net payroll of \$1.22 billion, annual expenditures of \$246 million and a retiree payroll of \$472 million, resulting in a total economic impact of \$4.2 billion. Approximately 2,200 Bibb County residents are employed at Robins Air Force Base with salaries in excess of \$148 million. More than 5,000 Bibb County residents receive federal annuity retirement benefits totaling more than \$99 million.

Despite the October 28, 2003 announcement by Brown and Williamson Tobacco Company, then the second largest private employer in Bibb County, that it was merging with R.J. Reynolds and moving its operations to Winston-Salem, North Carolina, the local economy appears to be moving ahead by attracting new businesses. Existing industry expansion and new industry recruitment in Bibb County has created 1,500 additional jobs this past year with investments totaling \$67 million.

During FY2005, Kohl's Department Stores, Inc., a national retailer, opened a department store in Macon followed by the opening of a 550,000 square foot southeastern distribution center on a parcel owned by the Macon-Bibb County Industrial Authority at Airport East Industrial Park. This new facility is expected to create 400 new jobs by the end of the fifth year of operation.

In January 2005, Bass Pro Shops, a national sporting goods retailer, chose Bibb County as its site location for a retail/distribution center complex. This unique project features a 100,000 square foot retail component attached to a 450,000 square foot distribution center. Bass Pro Shops estimates that this complex will attract 2 to 3 million visitors/customers per year. Initially, the complex will employ 270 with employment projected to grow to 400 in five years.

The county's largest private employer is GEICO (Government Employees Insurance Company), a national personal lines auto insurance company. GEICO's two multi-million dollar facilities currently employ almost 3,700 associates on their 107 acre campus. As the company's largest regional facility, plans are to increase that count by 2,000 more associates over the next 2-5 years.

Downtown Macon is also getting its first new office tower in 20 years. Construction on the Gateway Plaza, an \$11 million, 120,000 sq. ft. facility with six floors, is nearing completion.

The Greater Macon Chamber of Commerce has teamed with the Macon Economic Development Commission to form *Macon NOW!*, a five-year economic development initiative. The initiative will be in place from 2005-2009 and includes three key components: existing business retention and expansion; new business development; and the development of an awareness campaign. The five-year goal includes 4,000 new primary jobs and 4,400 new secondary jobs.

¹*Macon Economic Development Commission*

²*Macon - Bibb County Industrial Authority*

FINANCIAL INFORMATION

GASB Statement #34 In compliance with GASB Statement #34, the District's basic financial statements are composed of district-wide financial statements, fund financial statements, and notes to the financial statements. The focus is on the School District as a whole rather than on individual funds. The district-wide statements are prepared on an accrual basis of accounting for all activities of the District. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter. This approach moves governmental accounting closer to financial reporting in the private sector. The district-wide financial statements are prepared on an economic resource measurement focus, which includes all of the School District's resources, capital and financial, current and long-term. Specifically, the district-wide financial statements consist of two statements: 1) a statement of net assets and 2) a statement of activities. See the Management Discussion and Analysis for further explanation of these statements. GASB Statement #34 also requires the desegregation and reporting of major funds.

Internal Controls Management of the District is responsible for establishing and maintaining an internal control structure which is designed to ensure that the assets are protected from loss or theft and to ensure that adequate accounting data

is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefit likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. The internal control structure is subject to periodic evaluation by management.

Budgetary Controls The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Public Education for Bibb County. Activities of the general, capital projects, special revenue, and debt service funds are included in the annual appropriated budget. The level of budgetary control is established by program within an individual fund. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management The District's insurance coverage for automobile and property liability is awarded on a one-year basis. Fidelity bonds and Board Member's errors and omissions insurance are renewed annually. Although the District is self-insured, we also obtain excess Workers' Compensation coverage for potential extraordinary catastrophic injuries. The District feels this approach to risk management ensures a quality insurance program and utilizes financial resources in the most efficient and effective way possible.

Cash Management The District's cash management process maximizes the use of idle funds by investing balances until needed. Cash temporarily idle during the year was invested in the State's Georgia Fund One (Local Government Investment Pool). For the fiscal

year ended June 30, 2005, the cash management process earned \$1,022,382 in interest income versus \$397,346 in 2004. This increase in investment earnings was primarily due to an increase in interest rates. Additionally the District earned \$168,592 and \$208,667 in SPLOST invested receipts for FY2005 and FY2004 respectively.

Independent Audit The Board requires an annual audit of the District's financial statements by independent certified public accountants selected by the Board. The Board selected Mauldin & Jenkins to perform the audit. This requirement has been complied with and the auditors' opinion has been included in this report.

AWARDS

Certificates of Achievement and Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bibb County School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the sixth consecutive year the School District has achieved this prestigious award. The Certificate of Achievement is a prominent national award recognizing conformity with the highest standards for preparation of state and local governmental financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for the current certificate.

ACKNOWLEDGEMENTS

We wish to express appreciation to Sharon Roberts, Director of Accounting, and the entire Accounting Department without whose dedicated and committed efforts this report could not have been completed. We also acknowledge the active participation and professional support of Mauldin & Jenkins. Audit Partner Miller Edwards, James Bence and Hope Pendergrass have been instrumental to the completion of this comprehensive annual financial report. We also extend appreciation to the members of the Board of Public Education for Bibb County for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Sharon Patterson
Superintendent of Schools
Bibb County School District



Ronnie C. Collier, Sr., CPA
Deputy Superintendent-CFO
Bibb County School District

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bibb County School District,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director



BOARD OF PUBLIC EDUCATION FOR BIBB COUNTY



***Mr. Gary Bechtel
President***



***Mrs. Susan Middleton
Vice-President***



***Ms. Terry Tripp
Secretary***



***Mr. William T. Barnes, III
Treasurer***



BOARD OF PUBLIC EDUCATION FOR BIBB COUNTY



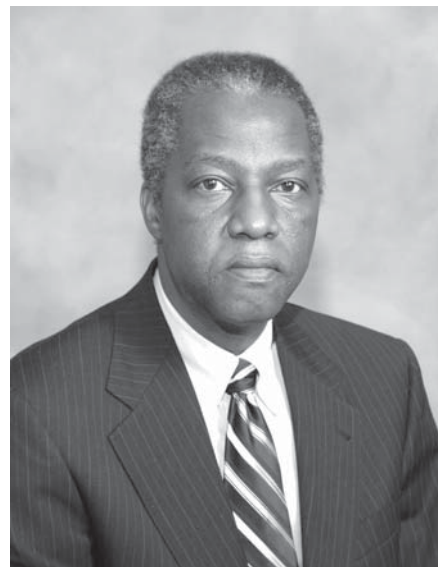
***Mr. Robert Nickels
District 3***



***Mr. Tom Hudson
District 5***



***Mrs. Lynn Farmer
At Large***



***Mr. Albert Abrams
At Large***

BOARD OF PUBLIC EDUCATION FOR BIBB COUNTY

As of June 30, 2005, the members of the Board and year of expiration of their terms are as follows:

<u>Name</u>	<u>District</u>	<u>Years in Office</u>	<u>Expiration of Current Term</u>
Mr. Gary Bechtel, <i>President</i>	District 3	4 ½	December 31, 2008
Mrs. Susan Y. Middleton, <i>Vice-President</i>	District 4	4 ½	December 31, 2008
Ms. Terry L. Tripp, <i>Secretary</i>	District 1	4 ½	December 31, 2008
Mr. William T. (Tommy) Barnes, III, <i>Treasurer</i>	District 2	4 ½	December 31, 2008
Mr. Albert J. Abrams	At-large	6 ½	December 31, 2006
Mrs. Lynn Farmer	At-large	2 ½	December 31, 2006
Mr. Thomas Hudson	District 5	½	December 31, 2008
Mr. Robert C. Nickels	District 3	4 ½	December 31, 2008

Function and Composition

All matters relating to education and operations in the Bibb County School District (District) are governed and controlled by the Board of Public Education for Bibb County (Board) as provided by Georgia law. The Board is legally responsible for the operation of the District and all related policy.

It shall be the purpose of the Board to provide education of the best obtainable quality for the residents of Bibb County within the limitations imposed by the taxpayer's ability to pay and his/her willingness to support the educational program. The Board shall be the representative, not only of the citizens of Bibb County, but of the State Board of Education as well.

The Board currently consists of eight elected members, six elected from single member districts and two elected county-wide. Successors to the initial elected members of the Board are elected in the general election conducted immediately prior to the expiration of the term of office for which they offer as a candidate. The newly elected board members take office on the first day of January following their election and serve for a term of four years and until their successors are duly elected and qualified.

Regular board meetings are held on the third Thursday of each month at 6:00 p.m. in the Board Room at the Central Office. All meetings are open to the public. Special meetings may be called at other times by the Board President. At all meetings, a majority of the entire membership constitutes a quorum.



BIBB COUNTY SCHOOL DISTRICT



Sharon Patterson
Superintendent of Schools
Bibb County School District

Superintendent Sharon Patterson has more than 30 years of leadership experience in public education as a teacher, principal and system administrator.

Prior to her arrival in Bibb County in 1997, Mrs. Patterson held leadership positions in the Chapel Hill, North Carolina area and in metropolitan Atlanta, where she worked for 20 years. While a principal at East Cobb Middle School, the school was named both a Georgia and a Blue Ribbon National School of Excellence.

Sharon Patterson has attracted statewide recognition for her leadership role in promoting student academic achievement through systemic change. She was selected to serve on the Executive Committee and the Coordinating Board of the Georgia Leadership Institute for School Improvement. The public/private partnership provides unique leadership development programs that blend best practices from business and education.

She has received several awards, among them the 2005 Georgia School Superintendents Association Bill Barr Leadership Award; the National Award of Merit from Boys and Girls Club of America for her community service; Woman of Achievement - Career Women's Network and the Circle of Friends Award from the American Cancer Society for outstanding service. She is one of four state finalists for the 2006 National Superintendent of the Year.

Sharon Patterson is actively involved with Macon Economic Development Commission. She is the first Bibb County Superintendent to serve on the Commission. She works closely with the business community to make sure Bibb County Public School students are graduating with the skills needed by local industry. IBM invited Mrs. Patterson to study at the Harvard Business School for Change Leadership.

Mrs. Patterson also serves on the boards of the President of the Executive Board of Urban Superintendent's Association of America; Georgia Partnership for Excellence in Education; Greater Macon Chamber of Commerce; Georgia Leadership for School Improvement – Advisory Board; the Macon-Bibb County Health Department; and is a trustee at the Macon Museum of Arts and Sciences.

Mrs. Patterson holds degrees from the University of Missouri in Columbia and the University of Missouri in St Louis. She also has a six year Specialist Degree from the State University of West Georgia.

Sharon Patterson and her husband Richard, have one son.

**ADMINISTRATIVE STAFF OF THE
BIBB COUNTY SCHOOL DISTRICT**

Superintendent's Administrative Cabinet

Sharon Patterson	Superintendent
Sylvia McGee	Deputy Superintendent - Administration
Ronnie C. Collier, Sr.	Deputy Superintendent - Chief Financial Officer
Vacancy	Assistant Superintendent - Teaching & Learning
Ralph Warren	Assistant Superintendent - Human Resources
Len Hindsman	Assistant Superintendent - Operations
Mike Van Wyck	Assistant Superintendent - Student Support Services
Vacancy	Executive Director - Teaching & Learning and Special Programs
Julie Christopher	Executive Director - Technology and Information Systems
Vacancy	Director of Community Affairs
Bruce Giroux	Director of Assessment & Accountability

Central Services

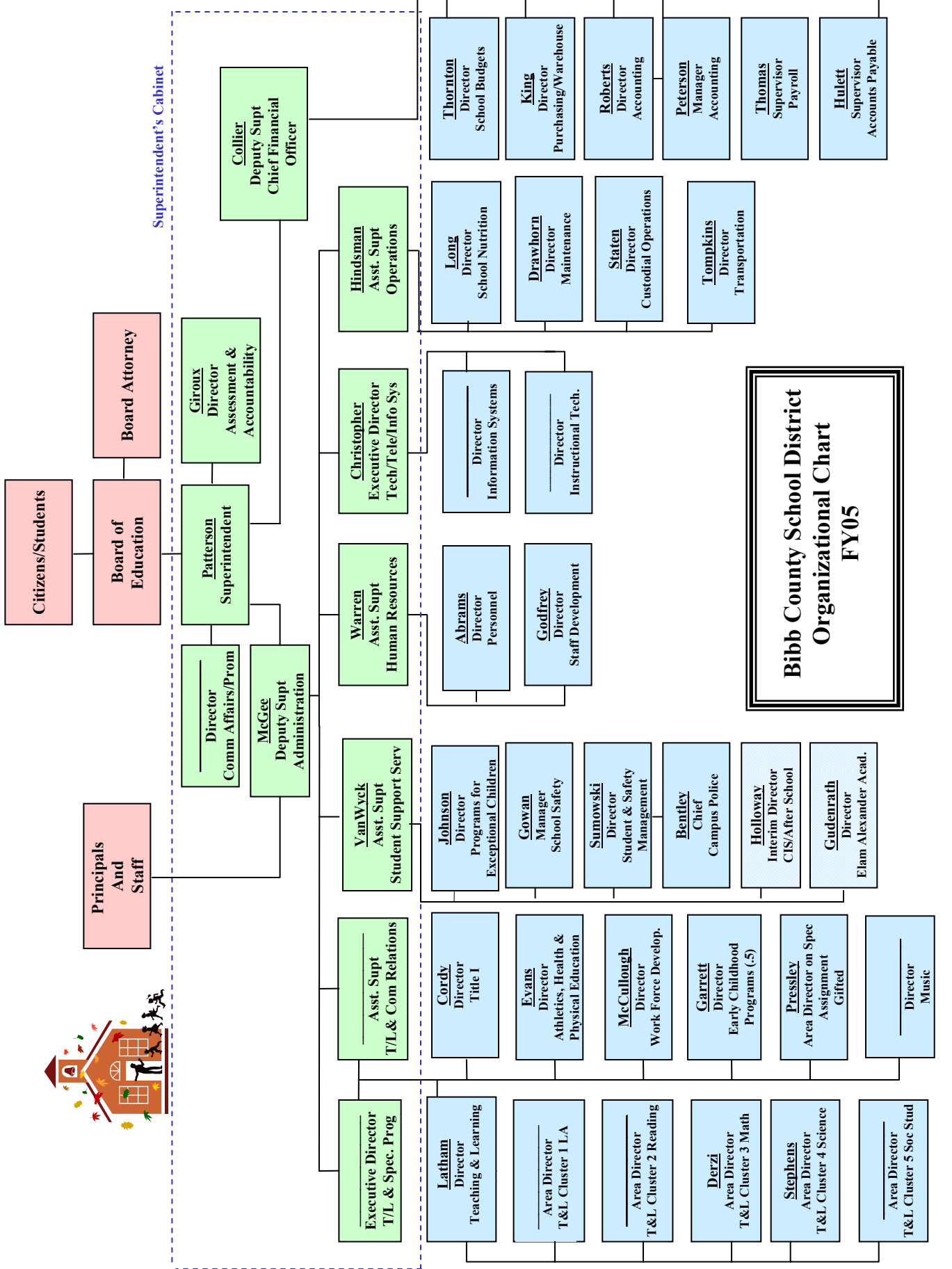
Myra Abrams	Director of Personnel
Raynette Evans	Director of Athletics, Health and Physical Education
Rob Sumowski	Director of Student and Safety Management
David Gowen	School Safety Manager
Julie Holloway	Interim Director of Communities in Schools
Vacancy	Director of Information Systems

Instructional Services

Violet Johnson	Director of Programs for Exceptional Children
Brenda Latham	Director of Teaching and Learning
Valeria Cordy	Director of Title I
Vacancy	Director of Music
Tandi Pressley	Area Director on Special Assignment to Gifted Services
Beverly McCullough	Director of Work Force Development
Judy Godfrey	Director of Staff Development
MiMi Gudenrath	Director of Elam Alexander Academy
Vacancy	Director of Instructional Technology
Lisa Garrett	Director of Early Childhood Programs

Business Services

Sharon Roberts	Director of Accounting
Larry King	Director of Purchasing/Warehousing
Cleta Long	Director of School Nutrition
Russell Bentley	Director of Campus Police
Frank Tompkins	Director of Transportation
Marty Drawhorn	Director of Maintenance
Dennis Staten	Director of Custodial Operations
Theresa Thornton	Director of School Budgets



**Bibb County School District
Organizational Chart
FY05**

Superintendent's Cabinet

II. FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board of Education
of the Bibb County School District
Macon, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Bibb County School District** as of and for the year ended June 30, 2005, which collectively comprise the Bibb County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bibb County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bibb County School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005, on our consideration of the Bibb County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bibb County School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Bibb County School District. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
September 9, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of the Bibb County Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. It is designed to give the reader an objective and easily readable analysis of the District's financial performance. The primary intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter and complete financial statements with notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

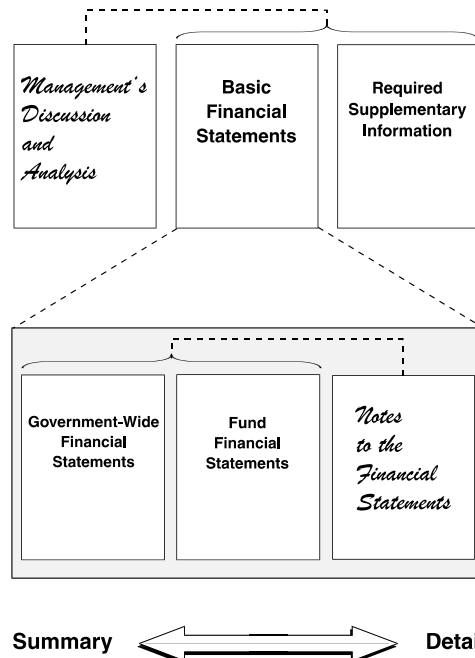
Key financial highlights for FY2005 are as follows:

In total, combined net assets decreased \$2.1 million which represents a 0.8% decrease from FY2004.

- ❑ Combined general revenues accounted for \$87.2 million or 38.9% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$137.0 million or 61.1% of total revenues of \$224.2 million. Total combined revenues were \$1.4 million or 0.6% greater than the prior year.
- ❑ The District had \$214.1 million in expenses related to governmental activities; only \$124.3 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$87.2 million were used to provide for these programs as well as \$2.7 million of fund balance reserve.
- ❑ The District had \$12.2 million in expenses related to business-type activities; these expenses were offset by program specific charges for services, grants and contributions and general revenues of \$12.7 million.
- ❑ Among major funds, the general fund has \$186.3 million in revenues (including transfers and capital lease proceeds) and \$183.4 million (including transfers) in expenditures. The general fund balance increased to \$24.1 million from \$21.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Bibb County Public School District as a financial whole, or as an entire operating entity. This diagram shows how the various parts of this annual report are arranged and relate to one another.



Statement of Net Assets and the Statement of Activities. The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. For proprietary funds,

the statements offer short and long term financial information about activities the District operates like businesses, such as food services. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the Bibb County Public School District, the general fund is by far the most significant fund.

The purpose of the *Statement of Net Assets* and the *Statement of Activities* is to answer the question, "How did we do financially during FY2005?" These statements include all assets and 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 the cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the District has both governmental and business-type activities:

Governmental Activities. Most of the District's programs and services are reported here including instruction, general administration, maintenance and operations, student transportation, after school programs, principals' accounts and various others. Federal funds, state formula aid (QBE) and property taxes finance most of these activities.

Business-Type Activities. The District charges fees to help cover the services it provides. These activities include food service, stadium operations, and the District's wellness center.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District utilizes governmental, proprietary and fiduciary funds.

Governmental Funds. Most of the District's activities are reported in the 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 an accounting method called modified accrual 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 District's general governmental operations and basic services it provides. Governmental fund information helps you determine whether there are more financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements. See Note #2 to the Financial Statements. The District's major governmental funds are the General Fund and SPLOST projects.

Proprietary Funds. Proprietary funds are activities that a school district operates similar to a business in that it attempts to recover costs through charges to the user. The two types of proprietary funds are the enterprise and internal service funds. Enterprise funds may be used to account for any activity or service that charges a fee to external users to cover the cost of operations, including cost of depreciation and debt service. The District operates its food service, stadiums and district-wide wellness center as enterprise funds. Internal Service funds account for goods and services that are provided to other funds in return for a fee to cover the cost of operations, including depreciation and debt service costs. The District's internal service funds include

the central warehouse, print shop, workers' compensation, unemployment compensation, and dental insurance. Proprietary fund statements use the accrual basis of accounting similar to the district-wide statements.

Fiduciary Funds. The District is the trustee, or fiduciary, for assets that belong to others, such as the dependent care spending account fund, the medical spending account fund and school clubs and organizations within the principals' accounts. The District is responsible for ensuring that the assets reported in these funds are used only for intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use the assets to finance its operations.

FY2005 FINANCIAL ANALYSIS

The FY2005 total net assets of \$254.4 million represents a \$2.1 million or 0.8% decrease from FY2004. This decrease is primarily due to an increase in cost of Instruction related to the federal NCLB (No Child Left Behind) and state AYP (Adequate Yearly Progress) mandates offset by decreases in the Capital Improvement Program and related debt service contribution and payments. See Tables 1 and 2 for a schedule of net assets and change in net assets.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Combined Activities</u>		<u>Total Change</u>	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	\$	%
Assets								
Current & Other Assets	\$ 66,425	\$ 72,037	\$ 5,475	\$ 4,885	\$ 71,900	\$ 76,922	\$ (5,022)	-6.5%
Capital Assets, Net	<u>202,176</u>	<u>199,664</u>	<u>10,421</u>	<u>10,385</u>	<u>212,597</u>	<u>210,049</u>	<u>2,548</u>	<u>1.2%</u>
Total Assets	268,601	271,701	15,896	15,270	284,497	286,971	(2,474)	-0.9%
Liabilities								
Current & Other Liabilities	24,577	25,392	577	528	25,154	25,920	(766)	-3.0%
Long-Term Liabilities	<u>4,971</u>	<u>4,584</u>	-	-	<u>4,971</u>	<u>4,584</u>	<u>387</u>	<u>8.4%</u>
Total Liabilities	29,548	29,976	577	528	30,125	30,504	(379)	-1.2%
Net Assets								
Invested in Capital Assets, Net of Related Debt	197,904	195,754	10,421	10,385	208,325	206,139	2,186	1.1%
Restricted for Debt Service	606	222	-	-	606	222	384	173.0%
Restricted for Grant Activities	-	199	-	-	-	199	(199)	-100.0%
Unrestricted	<u>40,543</u>	<u>45,550</u>	<u>4,898</u>	<u>4,357</u>	<u>45,441</u>	<u>49,907</u>	<u>(4,466)</u>	<u>-8.9%</u>
Total Net Assets	\$ <u>239,053</u>	\$ <u>241,725</u>	\$ <u>15,319</u>	\$ <u>14,742</u>	\$ <u>254,372</u>	\$ <u>256,467</u>	\$ <u>(2,095)</u>	<u>-0.8%</u>

Table 2
Statement of Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total Combined Activities		Total Change	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	\$	%
Revenues								
Program Revenues:								
Charges for Services	\$ 5,543	\$ 4,895	\$ 2,461	\$ 2,448	\$ 8,004	\$ 7,343	\$ 661	9.0%
Operating Grants and Contributions	118,404	111,786	9,739	8,595	128,143	120,381	7,762	6.4%
Capital Grants and Contributions	<u>310</u>	<u>6,307</u>	<u>494</u>	<u>536</u>	<u>804</u>	<u>6,843</u>	<u>(6,039)</u>	<u>-88.3%</u>
Total Program Revenues	124,257	122,988	12,694	11,579	136,951	134,567	2,384	1.8%
General Revenues:								
Property Taxes	60,216	57,407	-	-	60,216	57,407	2,809	4.9%
SPLOST for Capital Projects and 1998 Bond Payoff	23,793	28,546	-	-	23,793	28,546	(4,753)	-16.7%
Other Taxes	442	467	-	-	442	467	(25)	-5.4%
Grants and Contributions not Restricted to Specific Programs	1,597	1,167	-	-	1,597	1,167	430	36.8%
Unrestricted Investment Earnings	<u>1,139</u>	<u>579</u>	<u>51</u>	<u>27</u>	<u>1,190</u>	<u>606</u>	<u>584</u>	<u>96.4%</u>
Total General Revenues	87,187	88,166	51	27	87,238	88,193	(955)	-1.1%
Total Revenues	211,444	211,154	12,745	11,606	224,189	222,760	1,429	0.6%
Program Expenses								
Instruction	163,855	153,806	-	-	163,855	153,806	10,049	6.5%
General Administration	3,869	3,823	-	-	3,869	3,823	46	1.2%
Maintenance and Operations	14,227	13,851	-	-	14,227	13,851	376	2.7%
Student Transportation	6,526	7,271	-	-	6,526	7,271	(745)	-10.2%
Intergovernmental-Bibb County	25,489	30,469	-	-	25,489	30,469	(4,980)	-16.3%
Interest on Long-Term Debt	128	134	-	-	128	134	(6)	-4.5%
School Nutrition Services	-	-	11,987	12,117	11,987	12,117	(130)	-1.1%
Stadiums	-	-	154	180	154	180	(26)	-14.4%
Wellness Center	<u>-</u>	<u>-</u>	<u>49</u>	<u>40</u>	<u>49</u>	<u>40</u>	<u>9</u>	<u>22.5%</u>
Total Program Expenses	214,094	209,354	12,190	12,337	226,284	221,691	4,593	2.1%
Excess (Deficiency) of Revenues								
over Expenses before Transfers	(2,650)	1,800	555	(731)	(2,095)	1,069	(3,164)	-296.0%
Transfers	<u>(22)</u>	<u>(21)</u>	<u>22</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (Decrease) in Net Assets	<u>(2,672)</u>	<u>1,779</u>	<u>577</u>	<u>(710)</u>	<u>(2,095)</u>	<u>1,069</u>	<u>(3,164)</u>	<u>-296.0%</u>
Net Assets, beginning of year	<u>241,725</u>	<u>239,946</u>	<u>14,742</u>	<u>15,452</u>	<u>256,467</u>	<u>255,398</u>	<u>1,069</u>	<u>0.4%</u>
Net Assets, end of year	\$ <u>239,053</u>	\$ <u>241,725</u>	\$ <u>15,319</u>	\$ <u>14,742</u>	\$ <u>254,372</u>	\$ <u>256,467</u>	\$ <u>(2,095)</u>	<u>-0.8%</u>

Governmental Activities. You will note that Instructional program expenses of \$163.9 million represent 76.5% of the total. The next most significant program expense is Intergovernmental - Bibb County which totals \$25.5 million and 11.9% of the total. Interest expense of \$128,148 represents only 0.06%. Interest expense was attributable to the 2003 Revenue Bonds issued to lease/purchase the District's Central Office building as well as interest on the lease purchase of 16 replacement school buses.

Business-Type Activities. The most significant business-type activity of the District is the School Nutrition Services division. The majority of its \$12.5 million revenue was derived from grants and contributions (\$10.2 million). The remaining \$2.3 million in revenue was primarily due to charges for meals served.

Cost of Program Services. 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 and business-type activities, the combined total cost of services and the combined net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted federal and state entitlements.

Although program revenues make up a majority (61.1%) of the combined revenues, the District is dependent upon tax revenues for government activities. Thus the FY2005 net cost of services (\$89.3 million) is covered by the \$60.2 million of local property taxes combined with \$23.8 million of SPLOST receipts, other revenues and fund balance reserves.

	TOTAL COST OF SERVICES			NET COST OF SERVICES		
	FY2005	FY2004	VARIANCE	FY2005	FY2004	VARIANCE
Instruction	\$ 163,855	\$ 153,806	\$ 10,049	\$ 51,314	\$ 41,686	\$ 9,628
General Administration	3,869	3,823	46	1,385	1,712	(327)
Maintenance and Operations	14,227	13,851	376	7,654	7,399	255
Student Transportation	6,526	7,271	(745)	3,868	4,966	(1,098)
Intergovernmental-Bibb County	25,489	30,469	(4,980)	25,489	30,469	(4,980)
Interest on Long-Term Debt	128	134	(6)	128	134	(6)
School Nutrition Services	11,987	12,117	(130)	(509)	763	(1,272)
Stadiums	154	180	(26)	22	21	1
Wellness Center	<u>50</u>	<u>40</u>	<u>10</u>	<u>(17)</u>	<u>(26)</u>	<u>9</u>
Total Expenses	\$ <u>226,285</u>	\$ <u>221,691</u>	\$ <u>4,594</u>	\$ <u>89,334</u>	\$ <u>87,124</u>	\$ <u>2,210</u>

GOVERNMENTAL FUND BALANCE

Total governmental funds had revenues and other financing sources amounting to \$217.3 million and expenditures and other financing uses of \$222.4 million for a \$5.1 million decrease in fund balance. The total

governmental ending FY2005 fund balance is comprised of the following:

	FY2005	FY2004	VARIANCE
General	\$ 24,162	\$ 21,225	\$ 2,937
SPLOST Projects	10,802	18,474	(7,672)
* Other Governmental Funds	<u>5,397</u>	<u>5,740</u>	<u>(343)</u>
Total Expenses	\$ <u>40,361</u>	\$ <u>45,439</u>	\$ <u>(5,078)</u>

* Other Governmental Funds include Debt Service, Capital Improvement, and School Discretionary Funds.

General Fund. The \$2.9 million increase in the General Fund balance was primarily due to unfilled teaching positions.

Capital (SPLOST) Projects. The \$7.7 million decrease is substantially due to construction and capital spending in excess of SPLOST receipts as the District completes its Capital Improvement Program.

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS - NET ASSETS

School Food Service. The \$572,000 increase in School Food Service net assets is substantially due to an increase in intergovernmental revenue, specifically federal grant receipts for the free and reduced meal program.

GENERAL FUND BUDGETING HIGHLIGHTS

- The District's budget is prepared according to Georgia law. The most significant budget fund is the General Fund.
- For the General Fund, the final budgeted revenues and other financing sources of \$190.7 million exceeded the original budgeted amount of \$182.4 million by \$8.3 million. This difference was primarily due to increased federal revenue, particularly Title I.
- The final budgeted expenditures and other financing uses of \$190.3 million exceeded the original budgeted amount of \$185.5 million by \$4.8 million. This difference was primarily due to an increase in federal instructional expenses related to the federal *No Child Left Behind* legislation.
- Overall, the FY2005 actual General Fund revenues and other financing sources exceeded expenditures and other financial uses by \$2,936,503.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2005, the District had \$212.6 million invested in capital assets; net of depreciation. As stated in Table 5, this represents a \$2.5 million or 1.2% increase over FY2004. The increase was primarily due to new school construction and renovations offset by transfers from Construction in Progress.

Table 5
Capital Assets at June 30, 2005
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Combined Activities</u>		<u>Total Change</u>	
	<u>FY2005</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2004</u>	<u>\$</u>	<u>%</u>
Land	\$ 12,595	\$ 12,157	\$ -	\$ -	\$ 12,595	\$ 12,157	\$ 438	3.6%
Construction in Progress	4,102	19,071	-	-	4,102	19,071	(14,969)	-78.5%
Buildings	178,748	160,922	7,435	7,114	186,183	168,036	18,147	10.8%
Equipment	5,533	6,279	2,985	3,271	8,518	9,550	(1,032)	-10.8%
Land Improvements	<u>1,198</u>	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>1,198</u>	<u>1,235</u>	<u>(37)</u>	<u>-3.0%</u>
Total Capital Assets	\$ <u>202,176</u>	\$ <u>199,664</u>	\$ <u>10,420</u>	\$ <u>10,385</u>	\$ <u>212,596</u>	\$ <u>210,049</u>	\$ <u>2,547</u>	<u>1.2%</u>

DEBT

At June 30, 2005, the District had \$4.3 million in capital leases outstanding and \$699,000 in Compensated Absences. The \$387,000 million overall increase compared to the prior year is substantially due to the 1993 payoff and 2004 refunding of revenue bonds used to purchase the District's Central Office Building located at 484 Mulberry Street, Macon, GA. Table 6 summarizes capital leases and compensated absences outstanding:

Table 6
Leases and Compensated Absences Outstanding
at June 30, 2005
(in thousands)

	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>FY2005</u>	<u>FY2004</u>	<u>VARIANCE</u>
Capital Leases	\$ 4,272	\$ 3,909	\$ 363
Compensated Absences	<u>699</u>	<u>675</u>	<u>24</u>
Total	\$ <u>4,971</u>	\$ <u>4,584</u>	\$ <u>387</u>

The General Obligation Bonds issued on behalf of the School District are the legal liability of Bibb County, GA and the debt is recorded on the County's books. The two General Obligation Bonds outstanding that were issued on the School District's behalf for new school construction, additions and renovations are as follows:

Table 7			
General Obligation Debt			
at June 30, 2005			
(in thousands)			
	FY2005	FY2004	VARIANCE
Series 1980 G.O. Bonds	\$ -	\$ 1,045	\$ (1,045)
Series 1998 G.O. Bonds	5,215	29,525	(24,310)
Series 2003 G.O. Bonds	<u>14,885</u>	<u>17,495</u>	<u>(2,610)</u>
Total	\$ <u>20,100</u>	\$ <u>48,065</u>	\$ <u>(27,965)</u>
* Additional information on the District's general long-term debt can be found in the notes to the financial statements.			

Since the District received Fiscal Independence in November, 2004, all new General Obligation debt will be issued in the name of the Bibb County School District.

CURRENT ISSUES

Fiscal Independence. On November 2, 2004, 135 years after the original charter was written, the Bibb County Board of Education was granted the power by the voters to set its own property tax millage rate, joining all other Georgia county school districts. The Board now has the responsibility and accountability to continue to be good stewards of the District's resources. The passage of this referendum authorizes the Board of Education to certify to the Board of Commissioners a tax levy (capped) not to exceed twenty two mills. Prior to the passage of this referendum, there was no cap on the school's millage rate. Effective with the FY2006 budget year, the Bibb County Board of Education set the District's millage rate for maintenance and operations of schools for the first time.

State QBE Austerity Revenue Reductions. For the fiscal years ending 2003, 2004, and 2005, the District incurred a combined \$12.2 million austerity reduction in State QBE revenue funding. According to the FY2006 state QBE funding report, the District will lose another \$5.4 million in austerity reductions. These austerity cuts, combined with the loss of local tax revenue related to the closing of Brown and Williamson, present an enormous challenge for the District in meeting its financial obligations. Despite these local and state revenue reductions, the District, through its disciplined budgetary procedures and fiscal controls, has managed to maintain a viable annual fund balance reserve. The District continues to maintain a sound educational program for its students even during this period of limited state and local funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ron Collier, Deputy Superintendent - Chief Financial Officer, at the Bibb County Board of Education, 484 Mulberry Street, Suite 400, Macon, GA 31201. You may also email your questions to Ron Collier at rcollier@bibb.k12.ga.us.

BASIC FINANCIAL STATEMENTS

BIBB COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS JUNE 30, 2005

ASSETS	Governmental Activities	Business-type Activities	Total
Cash	\$ 3,137,518	\$ 579,935	\$ 3,717,453
Investments	45,457,319	3,521,413	48,978,732
Receivables:			
Interest	10,917	-	10,917
Accounts	281,778	8,566	290,344
Intergovernmental	16,562,061	293,425	16,855,486
Internal balances	(23,308)	23,308	-
Inventories	748,925	996,575	1,745,500
Prepaid items	133,491	52,055	185,546
Unamortized issuance costs	117,035	-	117,035
Capital assets, non-depreciable	16,697,441	-	16,697,441
Capital assets, depreciable (net of accumulated depreciation)	185,478,549	10,420,540	195,899,089
Total assets	268,601,726	15,895,817	284,497,543
LIABILITIES			
Accounts payable	3,887,696	53,671	3,941,367
Due to other governments	1,816	-	1,816
Accrued interest payable	22,057	-	22,057
Accrued payroll and payroll withholdings	20,469,160	523,528	20,992,688
Accrued claims	164,598	-	164,598
Deferred revenue	32,190	-	32,190
Capital leases due within one year	581,848	-	581,848
Capital leases due in more than one year	3,690,119	-	3,690,119
Compensated absences due within one year	454,411	-	454,411
Compensated absences due in more than one year	244,348	-	244,348
Total liabilities	29,548,243	577,199	30,125,442
NET ASSETS			
Invested in capital assets, net of related debt	197,904,023	10,420,540	208,324,563
Restricted for debt service	606,321	-	606,321
Unrestricted	40,543,139	4,898,078	45,441,217
Total net assets	\$ 239,053,483	\$ 15,318,618	\$ 254,372,101

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Instruction	\$ 163,855,356	\$ 5,542,760	\$ 106,687,975	\$ 310,512
General administration	3,869,044	-	2,484,499	-
Maintenance and operations	14,227,302	-	6,573,257	-
Student transportation	6,526,274	-	2,658,338	-
Intergovernmental, Bibb County	25,488,836	-	-	-
Interest on long-term debt	128,148	-	-	-
Total governmental activities	214,094,960	5,542,760	118,404,069	310,512
Business-type activities:				
School food services	11,986,698	2,262,596	9,739,082	494,042
Stadiums	154,007	132,407	-	-
Wellness center	49,747	66,335	-	-
Total business-type activities	12,190,452	2,461,338	9,739,082	494,042
Total	\$ 226,285,412	\$ 8,004,098	\$ 128,143,151	\$ 804,554

General revenues:

Property taxes

Sales taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenues and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (51,314,109)	\$ -	\$ (51,314,109)
(1,384,545)	-	(1,384,545)
(7,654,045)	-	(7,654,045)
(3,867,936)	-	(3,867,936)
(25,488,836)	-	(25,488,836)
(128,148)	-	(128,148)
<u>(89,837,619)</u>	<u>-</u>	<u>(89,837,619)</u>
-	509,022	509,022
-	(21,600)	(21,600)
-	16,588	16,588
<u>-</u>	<u>504,010</u>	<u>504,010</u>
<u>(89,837,619)</u>	<u>504,010</u>	<u>(89,333,609)</u>
60,216,122	-	60,216,122
23,792,896	-	23,792,896
441,974	-	441,974
1,596,917	-	1,596,917
1,139,602	51,318	1,190,920
(21,600)	21,600	-
<u>87,165,911</u>	<u>72,918</u>	<u>87,238,829</u>
<u>(2,671,708)</u>	<u>576,928</u>	<u>(2,094,780)</u>
<u>241,725,191</u>	<u>14,741,690</u>	<u>256,466,881</u>
<u>\$ 239,053,483</u>	<u>\$ 15,318,618</u>	<u>\$ 254,372,101</u>

BIBB COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2005

ASSETS	General	SPLOST Projects	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,428,026	\$ 260,226	\$ 1,297,950	\$ 2,986,202
Investments	30,312,406	10,732,438	4,314,358	45,359,202
Receivables:				
Interest	10,917	-	-	10,917
Accounts	274,981	-	-	274,981
Intergovernmental	15,958,481	294,522	309,058	16,562,061
Due from other funds	422,120	-	-	422,120
Prepaid items	124,581	-	-	124,581
Total assets	\$ 48,531,512	\$ 11,287,186	\$ 5,921,366	\$ 65,740,064
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,113,065	\$ 222,892	\$ 503,737	\$ 3,839,694
Due to other funds	8,971	261,865	-	270,836
Due to other governments	1,816	-	-	1,816
Accrued interest payable	1,396	-	20,661	22,057
Accrued payroll and payroll withholdings	20,468,513	647	-	20,469,160
Deferred revenue	775,976	-	-	775,976
Total liabilities	24,369,737	485,404	524,398	25,379,539
FUND BALANCES				
Fund balances:				
Reserved for program activities	635,751	10,801,782	-	11,437,533
Reserved for prepaid items	124,581	-	-	124,581
Reserved for debt service	-	-	606,321	606,321
Unreserved, reported in:				
General fund	23,401,443	-	-	23,401,443
Capital projects funds	-	-	4,168,099	4,168,099
Special revenue funds	-	-	622,548	622,548
Total fund balances	24,161,775	10,801,782	5,396,968	40,360,525
Total liabilities and fund balances	\$ 48,531,512	\$ 11,287,186	\$ 5,921,366	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	202,065,775
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	743,786
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,849,891)
Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	733,288
Net assets of governmental activities	\$ 239,053,483

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>SPLOST Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 63,797,472	\$ -	\$ 2,566,418	\$ 66,363,890
State sources	93,280,439	23,792,896	309,057	117,382,392
Federal sources	26,477,525	-	-	26,477,525
Interest income	858,311	168,592	108,677	1,135,580
On behalf payments	1,647,381	-	-	1,647,381
Other sources	20,692	-	-	20,692
Total revenues	<u>186,081,820</u>	<u>23,961,488</u>	<u>2,984,152</u>	<u>213,027,460</u>
EXPENDITURES				
Current:				
Instruction	156,385,102	-	2,640,046	159,025,148
General administration	3,683,175	-	-	3,683,175
Maintenance and operations	14,169,137	17,007	-	14,186,144
Student transportation	5,872,484	-	-	5,872,484
On behalf payments	1,647,381	-	-	1,647,381
Intergovernmental, Bibb County	-	25,488,836	-	25,488,836
Capital outlay	63,987	6,070,631	1,882,838	8,017,456
Debt service:				
Principal retirement	261,987	-	-	261,987
Interest and fiscal charges	36,116	-	81,393	117,509
Bond issuance costs	-	-	127,674	127,674
Total expenditures	<u>182,119,369</u>	<u>31,576,474</u>	<u>4,731,951</u>	<u>218,427,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,962,451</u>	<u>(7,614,986)</u>	<u>(1,747,799)</u>	<u>(5,400,334)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	3,135,000	3,135,000
Payments to refunded bond escrow agent	-	-	(2,510,000)	(2,510,000)
Transfers in	212,229	61,484	874,104	1,147,817
Transfers out	(1,238,177)	-	(212,229)	(1,450,406)
Total other financing sources (uses)	<u>(1,025,948)</u>	<u>61,484</u>	<u>1,286,875</u>	<u>322,411</u>
Net change in fund balances	2,936,503	(7,553,502)	(460,924)	(5,077,923)
FUND BALANCES, beginning of year	<u>21,225,272</u>	<u>18,355,284</u>	<u>5,857,892</u>	<u>45,438,448</u>
FUND BALANCES, end of year	<u>\$ 24,161,775</u>	<u>\$ 10,801,782</u>	<u>\$ 5,396,968</u>	<u>\$ 40,360,525</u>

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Net change in fund balances - total governmental funds	\$ (5,077,923)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,018,241
The net effect of the disposal of capital assets is to decrease net assets.	(494,042)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	81,443
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(245,978)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(23,845)
Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>70,396</u>
	<u>\$ (2,671,708)</u>

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 62,496,448	\$ 63,051,103	\$ 63,797,472	\$ 746,369
State sources	92,377,334	92,628,933	93,280,439	651,506
Federal sources	26,484,232	33,592,227	26,477,525	(7,114,702)
Interest income	362,723	812,723	858,311	45,588
On behalf payments	-	-	1,647,381	1,647,381
Other sources	10,000	33,097	20,692	(12,405)
Total revenues	<u>181,730,737</u>	<u>190,118,083</u>	<u>186,081,820</u>	<u>(4,036,263)</u>
EXPENDITURES				
Current:				
Instruction	162,191,687	164,552,390	156,385,102	8,167,288
General administration	3,557,029	4,033,031	3,683,175	349,856
Maintenance and operations	13,746,681	14,344,592	14,169,137	175,455
Student transportation	5,134,319	6,486,017	5,872,484	613,533
On behalf payments	-	-	1,647,381	(1,647,381)
Capital outlay	63,824	63,824	63,987	(163)
Debt service:				
Principal retirements	-	-	261,987	(261,987)
Interest and fiscal charges	-	-	36,116	(36,116)
Total expenditures	<u>184,693,540</u>	<u>189,479,854</u>	<u>182,119,369</u>	<u>7,360,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,962,803)</u>	<u>638,229</u>	<u>3,962,451</u>	<u>3,324,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	655,101	600,000	212,229	(387,771)
Transfers out	(801,600)	(826,200)	(1,238,177)	(411,977)
Total other financing sources (uses)	<u>(146,499)</u>	<u>(226,200)</u>	<u>(1,025,948)</u>	<u>(799,748)</u>
Net change in fund balances	(3,109,302)	412,029	2,936,503	2,524,474
FUND BALANCES, beginning of year	<u>21,225,272</u>	<u>21,225,272</u>	<u>21,225,272</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 18,115,970</u>	<u>\$ 21,637,301</u>	<u>\$ 24,161,775</u>	<u>\$ 2,524,474</u>

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2005

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	School Food Service	Other Enterprise Funds	Totals	
CURRENT ASSETS				
Cash	\$ 576,648	\$ 3,287	\$ 579,935	\$ 151,316
Investments	3,461,202	60,211	3,521,413	98,117
Receivables:				
Accounts	8,416	150	8,566	6,797
Intergovernmental	180,618	112,807	293,425	-
Due from other funds	21,403	-	21,403	2,718
Prepaid items	52,055	-	52,055	8,910
Inventories	996,575	-	996,575	748,925
Total current assets	5,296,917	176,455	5,473,372	1,016,783
CAPITAL ASSETS				
Buildings	11,037,135	-	11,037,135	291,791
Furniture and equipment	5,883,878	45,322	5,929,200	263,838
Total depreciable assets	16,921,013	45,322	16,966,335	555,629
Less accumulated depreciation	(6,514,661)	(31,134)	(6,545,795)	(445,414)
Total capital assets	10,406,352	14,188	10,420,540	110,215
Total assets	15,703,269	190,643	15,893,912	1,126,998
LIABILITIES				
Accounts payable	49,344	4,327	53,671	48,002
Due to other funds	51,824	123,581	175,405	-
Accrued payroll and payroll withholdings	521,282	2,246	523,528	3,800
Accrued claims expense	-	-	-	164,598
Total liabilities	622,450	130,154	752,604	216,400
NET ASSETS				
Invested in capital assets	10,406,352	14,188	10,420,540	110,215
Unrestricted	4,674,467	46,301	4,720,768	800,383
Total net assets	\$ 15,080,819	\$ 60,489	15,141,308	\$ 910,598
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			177,310	
Net assets of business-type activities			\$ 15,318,618	

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>School Food Service</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
OPERATING REVENUES				
Local sources	\$ 2,262,596	\$ 198,742	\$ 2,461,338	\$ 3,428,406
Total operating revenues	<u>2,262,596</u>	<u>198,742</u>	<u>2,461,338</u>	<u>3,428,406</u>
OPERATING EXPENSES				
Food service operations	11,412,639	-	11,412,639	-
Central support services	-	-	-	2,022,810
Enterprise operations	-	167,652	167,652	-
Maintenance and operations	-	31,655	31,655	12,970
Depreciation	561,363	4,447	565,810	11,616
Cost of services	-	-	-	1,607,966
Other expenses	-	-	-	-
Total operating expenses	<u>11,974,002</u>	<u>203,754</u>	<u>12,177,756</u>	<u>3,655,362</u>
Operating loss	<u>(9,711,406)</u>	<u>(5,012)</u>	<u>(9,716,418)</u>	<u>(226,956)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenues	9,739,082	-	9,739,082	-
Interest earned	50,607	711	51,318	4,022
Loss on disposal of capital assets	(356)	-	(356)	-
Total non-operating revenues (expenses)	<u>9,789,333</u>	<u>711</u>	<u>9,790,044</u>	<u>4,022</u>
Income (loss) before contribution: and transfers	77,927	(4,301)	73,626	(222,934)
Contributions	494,042	-	494,042	-
Transfers in	-	21,600	21,600	280,989
Change in net assets	571,969	17,299	589,268	58,055
NET ASSETS, beginning of year	<u>14,508,850</u>	<u>43,190</u>		<u>852,543</u>
NET ASSETS, end of year	<u>\$ 15,080,819</u>	<u>\$ 60,489</u>		<u>\$ 910,598</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(12,340)</u>	
Change in net assets of business-type activities			<u>\$ 576,928</u>	

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	School Food Service	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from local sources	\$ 2,280,320	\$ 211,244	\$ 2,491,564	\$ -
Receipts from interfund services provided	-	-	-	3,538,993
Payments to suppliers	(6,986,239)	(127,217)	(7,113,456)	(1,605,776)
Payments to employees	(3,776,182)	(39,634)	(3,815,816)	(21,094)
Payments on behalf of employees	(790,465)	(3,206)	(793,671)	(4,060)
Payments for interfund services used	-	-	-	(2,137,205)
Net cash provided by (used in) operating activities	(9,272,566)	41,187	(9,231,379)	(229,142)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Subsidy from federal and state grants	9,739,082	-	9,739,082	-
Transfers from other funds	-	21,600	21,600	280,989
Net cash provided by noncapital financing activities	9,739,082	21,600	9,760,682	280,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	494,042	-	494,042	-
Purchase of capital assets	(601,599)	-	(601,599)	-
Proceeds from sale of capital assets	94	-	94	-
Net cash used in capital and related financing activities	(107,463)	-	(107,463)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	50,607	711	51,318	4,022
Net cash provided by investing activities	50,607	711	51,318	4,022

(Continued)

BIBB COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	School Food Service	Other Enterprise Funds	Totals	
Net increase in cash and cash equivalents	\$ 409,660	\$ 63,498	\$ 473,158	\$ 55,869
Cash and cash equivalents, beginning of year	3,628,190	-	3,628,190	193,564
Cash and cash equivalents, end of year	\$ 4,037,850	\$ 63,498	\$ 4,101,348	\$ 249,433
Classified as:				
Cash	\$ 576,648	\$ 3,287	\$ 579,935	\$ 151,316
Investments	3,461,202	60,211	3,521,413	98,117
	\$ 4,037,850	\$ 63,498	\$ 4,101,348	\$ 249,433
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (9,711,406)	\$ (5,012)	\$ (9,716,418)	\$ (226,956)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	561,363	4,447	565,810	11,616
(Increase) decrease in accounts receivable	14,465	-	14,465	(3,034)
Decrease in intergovernmental receivables	18,337	11,929	30,266	-
Increase in accounts receivable	-	(150)	(150)	-
(Increase) decrease in due from other funds	(15,078)	44,176	29,098	170,840
(Increase) decrease in prepaid items	(10,152)	-	(10,152)	810
Increase in inventories	(180,610)	-	(180,610)	(12,488)
Increase (decrease) in accounts payable	16,046	420	16,466	(28,913)
Increase (decrease) in due to other funds	2,349	(14,537)	(12,188)	-
Increase (decrease) in payroll related liabilities	32,120	(86)	32,034	(78)
Decrease in accrued claims expense	-	-	-	(140,939)
Net cash provided by (used in) operating activities	\$ (9,272,566)	\$ 41,187	\$ (9,231,379)	\$ (229,142)

SCHEDULE OF NON-CASH NON-CAPITAL FINANCING ACTIVITIES

During the year ended June 30, 2005, the School Food Service Fund received \$1,204,177 in commodities from the United States Department of Agriculture.

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005**

	W. D. Ryals Memorial Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 418,253
Investments	2,445	64,060
Total assets	<u>2,445</u>	<u>482,313</u>
LIABILITIES		
Accounts payable	-	20,698
Due to others	-	461,615
Total liabilities	<u>-</u>	<u>482,313</u>
NET ASSETS		
Reserved for leadership awards	<u>\$ 2,445</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BIBB COUNTY SCHOOL DISTRICT

**STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>W. D. Ryals Memorial Private-Purpose Trust Fund</u>
ADDITIONS	
Interest income	\$ 54
Total additions	<u>54</u>
DELETIONS	
Other support services	<u>(50)</u>
Total deletions	<u>(50)</u>
Change in net assets	4
NET ASSETS, beginning of year	<u>2,441</u>
NET ASSETS, end of year	<u><u>\$ 2,445</u></u>

The accompanying notes are an integral part of these financial statements.

**BIBB COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Bibb County School District (the "District") was incorporated on August 23, 1872, and provides for a system of education for the children in the City of Macon, Georgia ("Macon") and Bibb County, Georgia ("Bibb County") as authorized by its charter. The District operates under a Board/Superintendent form of government. The eight member Board of Education ("Board") is elected by the public and the Board appoints the superintendent. These eight elected members have decision making authority; the power to designate management; and the ability to significantly influence operations. During the year ended June 30, 2005, the citizens of Bibb County voted to give the Board the power to determine the millage rate at which school taxes are levied and to incur bonded indebtedness with voters' approval. In previous years, the District was reported as a component unit of Bibb County. However, beginning with the fiscal year ended June 30, 2005, the District is reported as its own primary government.

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation:

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting, as are the proprietary fund and the fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of* accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The **general fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **SPLOST projects fund** accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax. Funds are used for: building renovations; land and building acquisitions; and, construction of new educational and administrative facilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation: (Continued)

The District reports the following major proprietary fund:

The ***school food service fund*** accounts for the monies and commodities received from the federal and state governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

Additionally, the District reports the following fund types:

The ***debt service fund*** accounts for the payments of principal and interest on long-term debt of governmental funds.

The ***capital projects funds*** account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new schools.

The ***internal service funds*** account for printing, warehouse operations, workers' compensation, unemployment compensation, and dental insurance reserve services that are provided to other departments or funds of the District on a cost-reimbursement basis.

The ***private-purpose trust fund*** accounts for resources devoted to the presentation of an award to a student and teacher each year at Appling Middle School. All resources of the fund, including any earnings on invested resources, may be used to support this purpose. There is no requirement that any portion of the resources be preserved as capital.

The ***agency funds*** are used to account for school activity funds related to school wide fundraising activities and to account for flex medical and dependent care for the employees of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation: (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's school food service program and the general fund. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the District's internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime banker's acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a \$1.00 per share value. The fair value of the District's position in the pool is the same as the value of pool shares (\$1 per share value).

E. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. On-Behalf Payments:

The State of Georgia makes certain health insurance and pension plan payments on behalf of the District for its employees. The District records these payments as both a revenue and an expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2005, was \$1,647,381.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Items:

Inventories of the School Food Service Fund are stated at cost using the first-in, first-out method. Inventories of the Warehouse Fund are stated at cost using the weighted average method. Donated food commodities are recorded at fair value. The District utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Land improvements	20
Buildings	25-50
Equipment	5-20

I. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences:

Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

K. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$4,849,891 difference are as follows:

Capital leases payable	\$ (4,271,967)
Less: deferred issuance costs	117,035
Compensated absences	<u>(694,959)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (4,849,891)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,018,241 difference are as follows:

Capital outlay	\$ 8,017,456
Capital expenditures below threshold allocated to instruction	254,481
Depreciation expense	<u>(5,253,696)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 3,018,241</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” The details of this \$245,978 difference are as follows:

Capital lease issued	\$ (3,135,000)
Principal repayments	2,771,987
Unamortized issue costs	<u>117,035</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (245,978)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The District adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, the debt service fund, and all capital projects funds. Proprietary fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise and internal service funds. All annual appropriations lapse at fiscal year end.

The budget is a complete financial plan for the District's fiscal year, usually the school year, and is based upon careful estimates of expenditures and probable incomes. The District's budget consists of the educational plan, expenditures for the educational plan and sources and amount of revenue. Prior to the first Monday in June, the administration of the District prepares and submits a proposed budget to the Board for approval. After the budget has been tentatively approved by the Board, the budget must be advertised, in form and manner to be prescribed by the Board, at least one time in a newspaper of general circulation in Bibb County. Subsequent to this procedure, the Board shall revise the budget as necessary and adopt a final school budget.

The approved budget shall be certified and forwarded to the Georgia Department of Education for final approval. The budget is amended during the first six months and a mid-year review budget is prepared and approved by the Board. The budget is formally adopted at the program level and the legal level of the District's budgetary controls is the program level. Any amendments made after mid-year review may be approved by the District's management.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. As of June 30, 2005, the District's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

As of June 30, 2005, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	24 day weighted average	\$ 49,045,237

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits all operating investments to instruments that mature within one year. All non-operating investments are best matched with their cash flow needs, with investment life of no more than five years.

Custodial Credit Risk – Deposits. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2005, the District's bank balance of \$9,136,838 was fully collateralized in compliance with the state requirements. The investments of the District were all invested in state government instruments.

NOTE 5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2005, for the District's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST Projects	Nonmajor Governmental Funds	School Food Service	Nonmajor Enterprise Funds
Intergovernmental	\$ 17,504,197	\$ 294,522	\$ 309,058	\$ 180,618	\$ 112,807
Less allowance for uncollectibles	1,545,716	-	-	-	-
Net total receivable	<u>\$ 15,958,481</u>	<u>\$ 294,522</u>	<u>\$ 309,058</u>	<u>\$ 180,618</u>	<u>\$ 112,807</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PROPERTY TAXES

Bibb County bills and collects property taxes for the District. Property taxes are levied (assessed) on all taxable real, public utility and personal property (including vehicles) located within the County as of January 1st of each year. Assessed values for property tax purposes are determined by the Bibb County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. The State of Georgia establishes values for public utilities and motor vehicles.

Real property taxes for 2004 were levied on June 30, 2004, and are due in two installments - the first payment was due September 20, 2004, and the final payment was due by November 15, 2004. Bibb County may place liens on property once the related tax payments become delinquent. The property tax receivable allowance is equal to 30% of outstanding property taxes at June 30, 2005.

Vehicle personal property taxes are due upon each respective payor's date of birth on an annual basis.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,157,298	\$ 438,011	\$ -	\$ -	\$ 12,595,309
Construction in progress	19,070,510	7,493,048	(494,042)	(21,967,384)	4,102,132
Total	<u>31,227,808</u>	<u>7,931,059</u>	<u>(494,042)</u>	<u>(21,967,384)</u>	<u>16,697,441</u>
Capital assets, being depreciated:					
Land improvements	1,533,703	40,475	-	-	1,574,178
Buildings	209,799,763	14,230	(2,725,728)	21,967,384	229,055,649
Equipment	14,881,958	286,173	-	-	15,168,131
Total	<u>226,215,424</u>	<u>340,878</u>	<u>(2,725,728)</u>	<u>21,967,384</u>	<u>245,797,958</u>
Less accumulated depreciation for:					
Land improvements	(298,765)	(77,698)	-	-	(376,463)
Buildings	(48,877,972)	(4,155,620)	2,725,728	-	(50,307,864)
Equipment	(8,603,088)	(1,031,994)	-	-	(9,635,082)
Total	<u>(57,779,825)</u>	<u>(5,265,312)</u>	<u>2,725,728</u>	<u>-</u>	<u>(60,319,409)</u>
Total capital assets, being depreciated, net	<u>168,435,599</u>	<u>(4,924,434)</u>	<u>-</u>	<u>21,967,384</u>	<u>185,478,549</u>
Governmental activities capital assets, net	<u>\$ 199,663,407</u>	<u>\$ 3,006,625</u>	<u>\$ (494,042)</u>	<u>\$ -</u>	<u>\$ 202,175,990</u>
Business-type activities:					
Capital assets, being depreciated:					
Buildings	\$ 10,603,238	\$ 494,042	\$ (60,145)	\$ -	\$ 11,037,135
Equipment	5,828,143	107,557	(6,500)	-	5,929,200
Total	<u>16,431,381</u>	<u>601,599</u>	<u>(66,645)</u>	<u>-</u>	<u>16,966,335</u>
Less accumulated depreciation for:					
Buildings	(3,489,512)	(172,508)	60,145	-	(3,601,875)
Equipment	(2,556,668)	(393,302)	6,050	-	(2,943,920)
Total	<u>(6,046,180)</u>	<u>(565,810)</u>	<u>66,195</u>	<u>-</u>	<u>(6,545,795)</u>
Total capital assets, being depreciated, net	<u>10,385,201</u>	<u>35,789</u>	<u>(450)</u>	<u>-</u>	<u>10,420,540</u>
Business-type activities capital assets, net	<u>\$ 10,385,201</u>	<u>\$ 35,789</u>	<u>\$ (450)</u>	<u>\$ -</u>	<u>\$ 10,420,540</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 4,344,369
General administration	211,263
Maintenance and operations	32,645
Student transportation	665,419
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of the assets	<u>11,616</u>

Total depreciation expense - governmental activities	<u><u>\$ 5,265,312</u></u>
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Business-type activities:

School food services	\$ 561,363
Other activities	<u>4,447</u>

Total depreciation expense - business-type activities	<u><u>\$ 565,810</u></u>
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NOTE 8. LONG-TERM DEBT

Capital Leases. The District issued Lease Revenue Bonds (Series 1993A and 1993B) in the original amounts of \$3,435,000 and \$3,090,000, respectively to: (a) acquire; (b) renovate, improve and equip; and, (c) pay certain moving, relocation and bond issuance costs and expenses relative to an office building and adjacent parking facilities in downtown Macon to be leased to the District. Under this capital lease, the District is required to pay base rentals directly to the trustee semiannually on March 30 and September 30, in amounts sufficient to provide for payment of the principal and interest on the bonds on the ensuing interest payment date. In connection with the issuance of the bonds, Bibb County has entered into a Guaranty Agreement dated October 1, 1993, (the "Guaranty") with the District and the trustee; pursuant to the Guaranty, Bibb County absolutely and unconditionally guarantees the obligation of the District to pay base rentals under the lease. The Series 1993A bonds were paid out during the year ended June 30, 2003. During the year ended June 30, 2005, the 1993A bonds were refunded by the new issuance of the 2004 Lease Revenue and Refunding Bonds.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

The District issued 2004 Lease Revenue and Refunding Bonds in the original amount of \$3,135,000 to: (a) renovate, improve and equip certain portions of the leased premises, (b) currently refund the Issuer's Lease Revenue Bonds, Series 1993A, and (c) to pay all expenses incident to accomplishing the foregoing. Under this capital lease, the District is required to pay base rentals directly to the trustee annually on September 30, in amounts sufficient to provide for payment of the principal and interest on the bonds on the ensuing interest payment date. The 2004 series Lease Revenue Bond carries a variable rate of interest with it. The rate is computed at a weekly rate, determined by the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds. The rate shall be computed on the first business day of each interest period. However, the bonds are not to exceed the lesser of (a) 12% per annum (the "Ceiling Rate") and (b) the maximum rate permitted by law. In connection with the issuance of the bonds, Bibb County has entered into an amended Guaranty Agreement dated September 1, 2004, (the "Guaranty") with the District and the trustee; pursuant to the Guaranty, Bibb County absolutely and unconditionally guarantees the obligation of the District to pay base rentals under the lease. The outstanding balance on the Series 2004 bonds at June 30, 2004, is \$3,135,000.

During the year ended June 30, 2004, the District entered into a capital lease agreement for the purchase of new buses. The total amount of the lease is \$1,398,954 to be repaid in monthly installments of \$25,052 through June 2009 with an interest rate of 2.80%. The outstanding balance on this lease as of June 30, 2005, is \$1,136,967.

The following is an analysis of assets under capital leases as of June 30, 2005:

	<u>Governmental Activities</u>
Buildings	\$ 6,124,080
Equipment	<u>1,385,512</u>
Total	<u><u>\$ 7,509,592</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, are as follows:

Year Ending June 30,	Governmental Activities
2006	\$ 676,532
2007	668,708
2008	672,340
2009	677,581
2010	378,382
2011-2014	1,566,226
Total minimum lease payments	4,639,769
Less: amount representing interest	(367,802)
Present value of minimum lease payments	\$ 4,271,967

Long-term liability activity for the year ended June 30, 2005, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 3,908,954	\$ 3,135,000	\$ (2,771,987)	\$ 4,271,967	\$ 581,848
Compensated absences	674,992	486,672	(462,905)	698,759	454,411
Governmental activities:					
Long-term liabilities	\$ 4,583,946	\$ 3,621,672	\$ (3,234,892)	\$ 4,970,726	\$ 1,036,259

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$3,800 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

There is \$606,321 of restricted net assets available in the Debt Service Fund to service the capital lease contractual obligations.

The District has historically issued long-term debt through Bibb County. Such long-term debt is as follows:

\$17,705,000 2003 General Obligation School Refunding Bonds, due in annual installments of \$403,035 to \$4,539,175 through January 1, 2009, interest at 2.00 to 5.00 percent.	\$ 14,885,000
\$60,000,000 1998 Bibb County Board of Education General Obligation School Bonds, due in annual installments of \$60,000 to \$6,045,000 through June 1, 2027, interest at 4.15 to 5.25 percent.	5,215,000
Total general obligation debt	<u>\$ 20,100,000</u>

As these are General Obligation Bond Issues, taxes are levied by Bibb County to provide for the amortization of these issues.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 422,120	\$ 8,971
SPLOST Fund	-	261,865
Total governmental funds	<u>422,120</u>	<u>270,836</u>
School Food Service	21,403	51,824
Nonmajor enterprise funds	-	123,581
Total enterprise funds	<u>21,403</u>	<u>175,405</u>
Internal service funds	2,718	-
	<u>\$ 446,241</u>	<u>\$ 446,241</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 212,229	\$ 1,238,177
SPLOST Fund	61,484	-
Nonmajor governmental funds	874,104	212,229
Total governmental funds	<u>1,147,817</u>	<u>1,450,406</u>
Nonmajor enterprise funds	21,600	-
Internal service funds	280,989	-
	<u>\$ 1,450,406</u>	<u>\$ 1,450,406</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

The District extends the coverage of certain post retirement health care and life insurance benefits for retired employees. All costs of retiree health care and life insurance benefits are paid for by the retired employees.

NOTE 11. RETIREMENT PLANS

Teachers Retirement System. Substantially all teachers, administrators, and clerical personnel employed by the District are members of the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple employer public employee retirement system administered by the TRS Board of Trustees. TRS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Title 47, Chapter 3 of the Official Code of Georgia Annotated, assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The TRS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to TRS of Georgia, Two Northside 75, Suite 400, Atlanta GA 30331, or by calling 1-800-352-0650.

Covered employees are required by state law to contribute 5% of their annual covered salary to the plan and the District is required to contribute 9.24% of current covered payroll. Covered employees' contributions for the years ended June 30, 2005, 2004, and 2003, were \$5,223,584, \$5,008,419, and \$4,969,233, respectively. The District's contributions to TRS for the years ended June 30, 2005, 2004, and 2003, were \$9,633,134, \$9,209,335, and \$9,139,657, respectively, which equal the required contribution for each year.

Active members may retire and receive benefits after 30 years of creditable service regardless of age, or after 10 years of creditable service and reaching age 60. Upon retirement, an employee receives a retirement benefit, payable monthly for life. The amount is determined by multiplying 2% by the years of service up to 40 years. This amount in turn is multiplied by the employee's average monthly salary for the two highest paid consecutive years of service. Early retirement benefits are reduced by the lesser of 1/12 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 CPI, will be made in future years. Retirement benefits are payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary at the member's death.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System. Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of service and retirees between the ages of 60 and 65 receive a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute four dollars per month for the nine month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made during the fiscal year ended June 30, 2005, totaled \$23,780.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The state's contribution for employees for the fiscal year ended June 30, 2005, for District employees was \$62,896.

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 are refunded with interest.

There were 647 employees covered under PSERS for the year ended June 30, 2005.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. DEFERRED COMPENSATION PLAN

The District offers its employees a tax deferred annuity plan created in accordance with Internal Revenue Code Section 403b. The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

It is the opinion of the District's legal counsel that the District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The District believes these assets are not available to satisfy the claims of general creditors in the future.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; workers' compensation; unemployment compensation; and dental benefits.

The District is self-insured for workers' compensation, unemployment compensation, and dental benefits. Premiums are paid into internal service funds by user funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are recognized as revenue in the internal service funds. The premiums are calculated on the basis of the percentage of that fund's payroll to total payroll. Liabilities are reported when it is probable that a loss has been incurred and the amount can be reasonably estimated including amounts of claims incurred but not yet reported. An excess coverage insurance policy covers individual claims in excess of \$500,000 loss per occurrence, up to the statutory limit. The District has not experienced any significant reduction in insurance coverage from the previous years nor has it paid any settlements in excess of insurance coverage in the past three years.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities for the past two fiscal years for the funds for which the District is self-insured are as follows:

<u>Workers' Compensation Fund</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Unpaid claims, beginning of fiscal year	\$ 243,775	\$ 167,123
Incurred claims (including IBNRs)	649,590	699,106
Claim payments and changes in estimates	(825,822)	(622,454)
Unpaid claims, end of fiscal year	<u>\$ 67,543</u>	<u>\$ 243,775</u>
<u>Unemployment Compensation Fund</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims (including IBNRs)	71,417	87,512
Claim payments and changes in estimates	(71,417)	(87,512)
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>
<u>Dental Insurance Fund</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Unpaid claims, beginning of fiscal year	\$ 61,762	\$ 29,394
Incurred claims (including IBNRs)	1,203,063	1,133,707
Claim payments and changes in estimates	(1,167,770)	(1,101,339)
Unpaid claims, end of fiscal year	<u>\$ 97,055</u>	<u>\$ 61,762</u>

NOTE 14. COMMITMENTS AND CONTINGENCIES

The District is involved in a number of legal matters which either have or could result in litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2005, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

The District is committed under outstanding construction contracts in the Capital Projects funds in the amount of \$9,247,702. Construction contracts include new school construction and expansion and renovation of existing facilities.

NOTE 15. CHANGE IN REPORTING ENTITY

For the fiscal year ending June 30, 2005, the District has combined the activity from the Bond Issue Projects Fund with the SPLOST Fund for the purpose of financial reporting.

BIBB COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE

To account for the payments of principal and interest on long-term debt of governmental funds.

CAPITAL IMPROVEMENTS

To account for local money used to make major repairs.

SCHOOL DISCRETIONARY

To account for the portion of the school activity resources used for general governmental expenditures.

BIBB COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2005

ASSETS	Debt Service	Capital Projects Capital Improvements	Special Revenue School Discretionary	Total Nonmajor Governmental Funds
Cash	\$ 626,982	\$ 48,420	\$ 622,548	\$ 1,297,950
Investments	-	4,314,358	-	4,314,358
Intergovernmental receivable	-	309,058	-	309,058
Accounts receivable	-	120,000	-	120,000
Total assets	\$ 626,982	\$ 4,791,836	\$ 622,548	\$ 6,041,366
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 503,737	\$ -	\$ 503,737
Deferred revenue	-	120,000	-	120,000
Accrued interest payable	20,661	-	-	20,661
Total liabilities	20,661	623,737	-	644,398
FUND BALANCES				
Reserved for debt service	606,321	-	-	606,321
Unreserved:				
Designated for capital projects	-	4,168,099	-	4,168,099
Undesignated	-	-	622,548	622,548
Total fund balances	606,321	4,168,099	622,548	5,396,968
Total liabilities and fund balances	\$ 626,982	\$ 4,791,836	\$ 622,548	\$ 6,041,366

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service	Capital Projects Capital Improvements	Special Revenue School Discretionary	Total Nonmajor Governmental Funds
REVENUES				
Local sources	\$ -	\$ 1,455	\$ 2,564,963	\$ 2,566,418
State sources	-	309,057	-	309,057
Interest earned	6,983	101,694	-	108,677
Total revenues	6,983	412,206	2,564,963	2,984,152
EXPENDITURES				
Current:				
Instruction	-	-	2,640,046	2,640,046
Capital Outlay	-	1,882,838	-	1,882,838
Debt Service:				
Interest and fiscal charges	81,393	-	-	81,393
Bond issuance costs	127,674	-	-	127,674
Total expenditures	209,067	1,882,838	2,640,046	4,731,951
Deficiency of revenues over expenditures	(202,084)	(1,470,632)	(75,083)	(1,747,799)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	3,135,000	-	-	3,135,000
Payments to refunded bond escrow agent	(2,510,000)	-	-	(2,510,000)
Transfers in	174,104	700,000	-	874,104
Transfers out	(212,229)	-	-	(212,229)
Total other financing sources (uses)	586,875	700,000	-	1,286,875
Net change in fund balances	384,791	(770,632)	(75,083)	(460,924)
FUND BALANCES, beginning of year	221,530	4,938,731	697,631	5,857,892
FUND BALANCES, end of year	\$ 606,321	\$ 4,168,099	\$ 622,548	\$ 5,396,968

BIBB COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ 6,983	\$ 6,983	\$ -
Total revenues	-	6,983	6,983	-
EXPENDITURES				
Debt service:				
Interest and fiscal charges	-	81,393	81,393	-
Bond issuance costs	-	127,674	127,674	-
Total expenditures	-	209,067	209,067	-
Deficiency of revenues over expenditures	-	(202,084)	(202,084)	-
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	3,135,000	3,135,000	-
Payment to refunded bond escrow agent	(38,500)	(2,510,000)	(2,510,000)	-
Transfer in	38,500	174,104	174,104	-
Transfer out	-	(212,229)	(212,229)	-
Total other financing sources (uses)	-	586,875	586,875	-
Net change in fund balances	-	384,791	384,791	-
FUND BALANCES, beginning of year	221,530	221,530	221,530	-
FUND BALANCES, end of year	\$ 221,530	\$ 606,321	\$ 606,321	\$ -

BIBB COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Capital Improvements			
	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 72,505	\$ 192,505	\$ 1,455	\$ (191,050)
State sources	27,111,247	465,651	309,057	(156,594)
Interest earned	-	101,693	101,694	1
Total revenues	27,183,752	759,849	412,206	(347,643)
EXPENDITURES				
Current:				
Intergovernmental, Bibb County	-	-	-	-
Maintenance and operations	-	-	-	-
Capital outlay	36,990,570	1,970,813	1,882,838	87,975
Total expenditures	36,990,570	1,970,813	1,882,838	87,975
Excess (deficiency) of revenues over expenditures	(9,806,818)	(1,210,964)	(1,470,632)	(259,668)
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Transfers out	(170,843)	-	-	-
Total other financing sources (uses)	529,157	700,000	700,000	-
Net change in fund balances	(9,277,661)	(510,964)	(770,632)	(259,668)
FUND BALANCES, beginning of year	4,938,731	4,938,731	4,938,731	-
FUND BALANCES, end of year	\$ (4,338,930)	\$ 4,427,767	\$ 4,168,099	\$ (259,668)

BIBB COUNTY SCHOOL DISTRICT

CAPITAL PROJECT FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	SPLOST Projects			
	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	25,689,410	26,901,280	23,792,896	(3,108,384)
Interest earned on investments	165,863	168,593	168,592	(1)
Total revenues	25,855,273	27,069,873	23,961,488	(3,108,385)
EXPENDITURES				
Current:				
Intergovernmental, Bibb County	25,610,836	25,610,836	25,488,836	122,000
Operation & maintenance of plant services	-	16,172	17,007	-
Capital outlay	170,843	7,163,820	6,070,631	1,093,189
Total expenditures	25,781,679	32,790,828	31,576,474	1,215,189
Excess (deficiency) of revenues over expenditures	73,594	(5,720,955)	(7,614,986)	(1,894,031)
OTHER FINANCING SOURCES (USES)				
Transfers in	170,843	-	61,484	61,484
Transfers out	(5,056,667)	-	-	-
Total other financing sources (uses)	(4,885,824)	-	61,484	61,484
Net change in fund balances	(4,812,230)	(5,720,955)	(7,553,502)	(1,832,547)
FUND BALANCES, beginning of year	18,355,284	18,355,284	18,355,284	-
FUND BALANCES, end of year	\$ 13,543,054	\$ 12,634,329	\$ 10,801,782	\$ (1,832,547)

BIBB COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2000 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Acquisition, construction, renovation and equipping of schools	\$ 98,300,000	\$ 98,300,000	\$ 60,223,136	\$ 4,762,180	\$ 64,985,316
Debt service payments to Bibb County	86,700,000	86,700,000	40,630,204	25,488,836	66,119,040
	\$ 185,000,000	\$ 185,000,000	\$ 100,853,340	\$ 30,251,016	\$ 131,104,356

BIBB COUNTY SCHOOL DISTRICT

NONMAJOR ENTERPRISE FUNDS

STADIUMS

To account for the operations of Henderson Stadium and the Bibb County Sports Complex.

WELLNESS CENTER

To account for the operation of the Wellness Center.

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2005

ASSETS	<u>Stadiums</u>	<u>Wellness Center</u>	<u>Totals</u>
CURRENT ASSETS			
Cash	\$ -	\$ 3,287	\$ 3,287
Investments	-	60,211	60,211
Accounts receivable	150	-	150
Intergovernmental receivables	112,807	-	112,807
Total current assets	<u>112,957</u>	<u>63,498</u>	<u>176,455</u>
CAPITAL ASSETS			
Furniture and equipment	45,322	-	45,322
Total depreciable assets	45,322	-	45,322
Less accumulated depreciation	(31,134)	-	(31,134)
Total capital assets	<u>14,188</u>	<u>-</u>	<u>14,188</u>
Total assets	<u>127,145</u>	<u>63,498</u>	<u>190,643</u>
LIABILITIES			
Accounts payable	3,564	763	4,327
Accrued payroll and payroll withholdings	-	2,246	2,246
Due to other funds	123,581	-	123,581
Total liabilities	<u>127,145</u>	<u>3,009</u>	<u>130,154</u>
NET ASSETS			
Invested in capital assets	14,188	-	14,188
Unrestricted	(14,188)	60,489	46,301
Total net assets	<u>\$ -</u>	<u>\$ 60,489</u>	<u>\$ 60,489</u>

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Stadiums	Wellness Center	Totals
OPERATING REVENUES			
Local sources	\$ 132,407	\$ 66,335	\$ 198,742
Total operating revenues	132,407	66,335	198,742
OPERATING EXPENSES			
Enterprise operation	117,905	49,747	167,652
Maintenance and operations	31,655	-	31,655
Depreciation	4,447	-	4,447
Total operating expenses	154,007	49,747	203,754
Operating income (loss)	(21,600)	16,588	(5,012)
NONOPERATING REVENUES			
Interest earned on investments	-	711	711
Total nonoperating revenues	-	711	711
Income (loss) before transfers	(21,600)	17,299	(4,301)
Transfers in	21,600	-	21,600
Change in net assets	-	17,299	17,299
NET ASSETS, beginning of year	-	43,190	43,190
NET ASSETS, end of year	\$ -	\$ 60,489	\$ 60,489

BIBB COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Stadiums</u>	<u>Wellness Center</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Receipts from local sources	\$ 144,186	\$ 67,058	\$ 211,244
Payments to suppliers	(127,217)	-	(127,217)
Payments to employees	(35,794)	(3,840)	(39,634)
Payments on behalf of employees	(2,775)	(431)	(3,206)
Net cash provided by (used in) operating activities	<u>(21,600)</u>	<u>62,787</u>	<u>41,187</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES			
Transfers from other funds	<u>21,600</u>	<u>-</u>	<u>21,600</u>
Net cash provided by noncapital financing activities	<u>21,600</u>	<u>-</u>	<u>21,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>-</u>	<u>711</u>	<u>711</u>
Net cash provided by investing activities	<u>-</u>	<u>711</u>	<u>711</u>
Net increase in cash	-	63,498	63,498
Cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ 63,498</u>	<u>\$ 63,498</u>
Classified as:			
Cash	\$ -	\$ 3,287	\$ 3,287
Investments	-	60,211	60,211
	<u>\$ -</u>	<u>\$ 63,498</u>	<u>\$ 63,498</u>

(Continued)

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Stadiums</u>	<u>Wellness Center</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (21,600)	\$ 16,588	\$ (5,012)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,447	-	4,447
Decrease in intergovernmental receivables	11,929	-	11,929
Increase in accounts receivable	(150)	-	(150)
Decrease in due from other funds	-	44,176	44,176
Increase (decrease) in accounts payable	(193)	613	420
Decrease in due to other funds	(14,537)	-	(14,537)
Increase (decrease) in payroll related liabilities	(1,496)	1,410	(86)
Net cash provided by (used in) operating activities	<u>\$ (21,600)</u>	<u>\$ 62,787</u>	<u>\$ 41,187</u>

BIBB COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS

WAREHOUSE

To account for financing of goods or services provided to other funds within the District.

PRINTSHOP

To account for financing of printing services provided to other funds within the District.

WORKERS' COMPENSATION

To account for the self-insured workers' compensation claims activity of the District.

UNEMPLOYMENT COMPENSATION

To account for the provision of unemployment benefits of the employees of the District.

DENTAL INSURANCE

To account for the self-insured dental claims activity of the District.

BIBB COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

ASSETS	<u>Warehouse</u>	<u>Print shop</u>	<u>Workers' Compensation</u>
CURRENT ASSETS			
Cash	\$ 27,428	\$ 26,833	\$ -
Investments	-	-	98,117
Accounts receivable	6,433	364	-
Due from other funds	2,238	480	-
Prepaid items	8,910	-	-
Inventories	<u>748,925</u>	<u>-</u>	<u>-</u>
Total current assets	<u>793,934</u>	<u>27,677</u>	<u>98,117</u>
CAPITAL ASSETS			
Buildings	291,791	-	-
Furniture and equipment	<u>186,063</u>	<u>77,775</u>	<u>-</u>
Total depreciable assets	477,854	77,775	-
Less accumulated depreciation	<u>(379,689)</u>	<u>(65,725)</u>	<u>-</u>
Total capital assets	<u>98,165</u>	<u>12,050</u>	<u>-</u>
Total assets	<u>892,099</u>	<u>39,727</u>	<u>98,117</u>
LIABILITIES			
Accounts payable	44,793	3,209	-
Accrued payroll and payroll withholdings	-	3,800	-
Accrued claims expense	<u>-</u>	<u>-</u>	<u>67,543</u>
Total liabilities	<u>44,793</u>	<u>7,009</u>	<u>67,543</u>
NET ASSETS			
Invested in capital assets	98,165	12,050	-
Unrestricted	<u>749,141</u>	<u>20,668</u>	<u>30,574</u>
Total net assets	<u>\$ 847,306</u>	<u>\$ 32,718</u>	<u>\$ 30,574</u>

<u>Unemployment Compensation</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ -	\$ 97,055	\$ 151,316
-	-	98,117
-	-	6,797
-	-	2,718
-	-	8,910
-	-	748,925
-	97,055	1,016,783
-	-	291,791
-	-	263,838
-	-	555,629
-	-	(445,414)
-	-	110,215
-	97,055	1,126,998
-	-	48,002
-	-	3,800
-	97,055	164,598
-	97,055	216,400
-	-	110,215
-	-	800,383
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,598</u>

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Warehouse	Print shop	Workers' Compensation
OPERATING REVENUES			
Local sources	\$ 1,562,953	\$ 83,814	\$ 676,142
Total operating revenues	1,562,953	83,814	676,142
OPERATING EXPENSES			
Central support services	-	25,734	649,590
Operating and maintenance of plant services	8,910	4,060	-
Depreciation	10,716	900	-
Cost of services	1,574,614	33,352	-
Total operating expenses	1,594,240	64,046	649,590
Operating income (loss)	(31,287)	19,768	26,552
NON-OPERATING REVENUES			
Interest earned	-	-	4,022
Total non-operating revenues	-	-	4,022
Income (loss) before transfers	(31,287)	19,768	30,574
Transfers in	39,000	-	-
Change in net assets	7,713	19,768	30,574
NET ASSETS, beginning of year	839,593	12,950	-
NET ASSETS, end of year	\$ 847,306	\$ 32,718	\$ 30,574

<u>Unemployment Compensation</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ -	\$ 1,105,497	\$ 3,428,406
-	1,105,497	3,428,406
71,417	1,276,069	2,022,810
-	-	12,970
-	-	11,616
-	-	1,607,966
<u>71,417</u>	<u>1,276,069</u>	<u>3,655,362</u>
<u>(71,417)</u>	<u>(170,572)</u>	<u>(226,956)</u>
-	-	4,022
-	-	4,022
(71,417)	(170,572)	(222,934)
<u>71,417</u>	<u>170,572</u>	<u>280,989</u>
-	-	58,055
-	-	852,543
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,598</u>

BIBB COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Warehouse</u>	<u>Print shop</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,557,417	\$ 86,316	\$ 728,001
Payments to suppliers	(1,568,989)	(36,787)	-
Payments to employees	-	(21,094)	-
Payments on behalf of employees	-	(4,060)	-
Payments for interfund services used	-	-	(825,012)
Net cash provided by (used in) operating activities	<u>(11,572)</u>	<u>24,375</u>	<u>(97,011)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	<u>39,000</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>39,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>-</u>	<u>-</u>	<u>4,022</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>4,022</u>
Net increase (decrease) in cash and cash equivalents	27,428	24,375	(92,989)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>2,458</u>	<u>191,106</u>
Cash and cash equivalents, end of year	<u>\$ 27,428</u>	<u>\$ 26,833</u>	<u>\$ 98,117</u>
Classified as:			
Cash	\$ 27,428	\$ 26,833	\$ -
Investments	-	-	98,117
	<u>\$ 27,428</u>	<u>\$ 26,833</u>	<u>\$ 98,117</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (31,287)	\$ 19,768	\$ 26,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	10,716	900	-
(Increase) decrease in accounts receivable	(5,536)	2,502	-
(Increase) decrease in due from other funds	57,327	(108)	51,859
Decrease in prepaid items	-	-	810
Increase in inventories	(12,488)	-	-
Increase (decrease) in accounts payable	(30,304)	1,391	-
Decrease in payroll related liabilities	-	(78)	-
Increase (decrease) in accrued claims expense	-	-	(176,232)
Net cash provided by (used in) operating activities	<u>\$ (11,572)</u>	<u>\$ 24,375</u>	<u>\$ (97,011)</u>

<u>Unemployment Compensation</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ -	\$ 1,167,259	\$ 3,538,993
-	-	(1,605,776)
-	-	(21,094)
-	-	(4,060)
<u>(71,417)</u>	<u>(1,240,776)</u>	<u>(2,137,205)</u>
<u>(71,417)</u>	<u>(73,517)</u>	<u>(229,142)</u>
<u>71,417</u>	<u>170,572</u>	<u>280,989</u>
<u>71,417</u>	<u>170,572</u>	<u>280,989</u>
<u>-</u>	<u>-</u>	<u>4,022</u>
<u>-</u>	<u>-</u>	<u>4,022</u>
<u>-</u>	<u>97,055</u>	<u>55,869</u>
<u>-</u>	<u>-</u>	<u>193,564</u>
<u>\$ -</u>	<u>\$ 97,055</u>	<u>\$ 249,433</u>
\$ -	\$ 97,055	\$ 151,316
-	-	98,117
<u>\$ -</u>	<u>\$ 97,055</u>	<u>\$ 249,433</u>
\$ (71,417)	\$ (170,572)	\$ (226,956)
-	-	11,616
-	-	(3,034)
-	61,762	170,840
-	-	810
-	-	(12,488)
-	-	(28,913)
-	-	(78)
-	35,293	(140,939)
<u>\$ (71,417)</u>	<u>\$ (73,517)</u>	<u>\$ (229,142)</u>

BIBB COUNTY SCHOOL DISTRICT

AGENCY FUNDS

STUDENT ACTIVITY

To account for the portion of student activity funds related to school wide fund raising activities.

SECTION 125 CAFETERIA PLAN

To account for flex medical and dependent care for the employees of the District.

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2005

	<u>Student Activity</u>	<u>Section 125 Cafeteria Plan</u>	<u>Totals</u>
ASSETS			
Cash	\$ 393,232	\$ 25,021	\$ 418,253
Investments	<u>-</u>	<u>64,060</u>	<u>64,060</u>
Total assets	<u>\$ 393,232</u>	<u>\$ 89,081</u>	<u>\$ 482,313</u>
LIABILITIES			
Accounts payable	\$ -	\$ 20,698	\$ 20,698
Due to others	<u>393,232</u>	<u>68,383</u>	<u>461,615</u>
Total liabilities	<u>\$ 393,232</u>	<u>\$ 89,081</u>	<u>\$ 482,313</u>

BIBB COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<u>STUDENT ACTIVITY</u>				
ASSETS				
Cash	\$ 322,479	\$ 1,569,746	\$ 1,498,993	\$ 393,232
LIABILITIES				
Due to others	\$ 322,479	\$ 1,569,746	\$ 1,498,993	\$ 393,232
 <u>SECTION 125 CAFETERIA PLAN</u>				
ASSETS				
Cash	\$ 9,932	\$ 193,415	\$ 178,326	\$ 25,021
Investments	66,492	1,404	3,836	64,060
Total assets	\$ 76,424	\$ 194,819	\$ 182,162	\$ 89,081
LIABILITIES				
Accounts payable	\$ 11,744	\$ 191,116	\$ 182,162	\$ 20,698
Due to others	64,680	3,703	-	68,383
Total liabilities	\$ 76,424	\$ 194,819	\$ 182,162	\$ 89,081
 <u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 332,411	\$ 1,763,161	\$ 1,677,319	\$ 418,253
Investments	66,492	1,404	3,836	64,060
Total assets	\$ 398,903	\$ 1,764,565	\$ 1,681,155	\$ 482,313
LIABILITIES				
Accounts payable	\$ 11,744	\$ 191,116	\$ 182,162	\$ 20,698
Due to others	387,159	1,573,449	1,498,993	461,615
Total liabilities	\$ 398,903	\$ 1,764,565	\$ 1,681,155	\$ 482,313

III. STATISTICAL SECTION

BIBB COUNTY SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES* BY FUNCTION LAST TEN FISCAL YEARS

Function	1996	1997	1998	1999
Instruction	\$ 80,267,585	\$ 84,366,176	\$ 89,837,007	\$ 96,152,223
Student Support Services	4,652,760	5,097,073	6,742,757	7,983,509
Instructional Improvement	4,015,871	4,028,345	3,578,320	3,913,174
Educational Media Services	2,891,152	2,910,453	3,189,844	3,490,975
General Administration	2,381,681	2,331,765	1,599,768	1,903,819
School Administration	6,801,344	7,424,794	8,430,067	8,796,131
Business Services	1,574,860	1,650,680	1,662,218	1,809,567
Maintenance and Operations	11,222,846	11,655,014	12,022,876	12,071,344
Student Transportation	4,001,681	4,004,110	3,797,030	4,195,089
Central Support Services	1,441,800	1,365,903	1,389,079	-
Other Support Services	234,718	408,433	579,132	2,073,755
On Behalf Payments	2,166,802	2,254,603	2,084,984	2,084,821
Other Non-instructional Services	677	41,787	29,985	-
Intergovernmental, Bibb County	-	-	-	-
Capital Outlay	17,852,870	17,421,218	4,114,486	12,647,526
Debt Service and Capital Lease Payments	433,674	433,735	435,056	1,811,214
	<u>\$ 139,940,321</u>	<u>\$ 145,394,089</u>	<u>\$ 139,492,609</u>	<u>\$ 158,933,147</u>

(1) The functional expenditure categories were modified in 2002 from those used in previous years.

Notes: * General governmental expenditures include expenditures of the General Fund, Debt Service Fund, and the Capital Projects Funds.

	<u>2000</u>	<u>2001</u>	<u>2002 (1)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$	98,756,997	\$ 103,181,828	\$ 141,581,450	\$ 146,071,332	\$ 149,198,947	\$ 159,025,148
	9,424,912	3,669,079	-	-	-	-
	4,227,421	4,097,250	-	-	-	-
	4,101,876	3,700,157	-	-	-	-
	1,995,272	2,460,838	4,538,199	4,790,258	3,600,908	3,683,175
	11,707,580	9,463,494	-	-	-	-
	1,856,421	1,695,560	-	-	-	-
	12,407,095	12,320,357	13,780,047	13,756,725	13,763,650	14,186,144
	5,203,494	4,974,022	5,687,353	5,685,667	6,618,644	5,872,484
	-	-	-	-	-	-
	2,453,835	2,940,418	-	-	-	-
	2,104,642	2,090,774	1,800,928	1,723,319	1,627,098	1,647,381
	-	-	-	-	-	-
	-	-	3,002,140	3,810,896	30,468,848	25,488,836
	9,621,684	15,033,595	35,766,371	43,901,681	30,077,471	8,017,456
	1,065,566	4,430,380	1,855,572	1,604,595	319,138	507,170
\$	<u>164,926,795</u>	<u>170,057,752</u>	<u>208,012,060</u>	<u>221,344,473</u>	<u>235,674,704</u>	<u>218,427,794</u>

BIBB COUNTY SCHOOL DISTRICT

GENERAL GOVERNMENTAL REVENUES* BY SOURCE LAST TEN FISCAL YEARS

<u>Source</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Local Sources	\$ 42,479,455	\$ 44,652,544	\$ 48,139,501	\$ 47,613,362
State Sources	71,558,927	76,871,251	78,804,335	84,811,237
Federal Sources	8,807,764	9,432,148	9,421,642	9,917,047
Interest Income	1,106,938	869,731	910,452	844,043
On Behalf Payments	2,166,802	2,254,603	2,084,984	2,084,821
Other Local Source	-	-	-	-
Other Sources	<u>860,722</u>	<u>544,779</u>	<u>2,403,266</u>	<u>40,394</u>
	<u>\$ 126,980,608</u>	<u>\$ 134,625,056</u>	<u>\$ 141,764,180</u>	<u>\$ 145,310,904</u>

Notes: * General governmental revenues include revenues of the General Fund, Debt Service Fund, and the Capital Projects Funds.

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 61,142,694	\$ 84,419,111	\$ 60,061,901	\$ 61,096,433	\$ 63,288,615	\$ 66,363,890
88,118,182	96,510,949	128,206,033	122,679,955	127,160,814	117,382,392
10,188,043	10,646,884	13,801,489	16,243,148	20,204,323	26,477,525
1,129,374	2,408,850	1,699,492	1,235,821	576,626	1,135,580
2,104,642	2,090,774	1,800,928	1,723,319	1,627,098	1,647,381
8,377,263	12,773,991	27,486,300	4,505	-	-
35,491	51,519	51,564	16,232	23,619	20,692
<u>\$ 171,095,689</u>	<u>\$ 208,902,078</u>	<u>\$ 233,107,707</u>	<u>\$ 202,999,413</u>	<u>\$ 212,881,095</u>	<u>\$ 213,027,460</u>

BIBB COUNTY SCHOOL DISTRICT

COMPUTATION OF OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Direct General Obligation Debt:

2003 Refunding Bonds	\$	14,885,000
1998 Public School Bonds		5,215,000

Total Direct General Obligation Debt \$ 20,100,000

Contractual Obligation and Overlapping General Obligation Debt:

Macon-Bibb County Hospital Authority:		
Revenue Anticipation Certificates Series 1977		855,000
Macon Water Authority Series 1977		939,493
Macon-Bibb County Industrial Authority:		
Revenue Bonds Series 2000 (Airport South Industrial Park Project)		935,000
Macon-Bibb County Urban Development Authority:		
Revenue Bonds Series 2000 (Public Building Project)		14,030,000
Revenue Refunding Bond Series 1994 (DFACS & Health Department)		1,290,000
Revenue Bond Series 1996 (Public Library Project)		1,000,000
2002A Urban Development Authority Tax Exempt Bonds		11,285,000
2002B Urban Development Authority Riverside Drive Project		1,210,000
2002D Urban Development Authority LEC Project		21,895,000
2005 Law Enforcement Center Project		13,000,000
City of Macon General Obligation Bonds		1,715,000
City of Macon Contractual Obligation Debt		33,060,000

Total Contractual Obligation and Overlapping General Obligation Debt 101,214,493

Overlapping Revenue Debt:

Lake Tobesofkee Recreational Area Revenue Bond (Farmers Home Administration Loan)		935,849
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Total Overlapping Revenue Debt 935,849

Total General Obligation, Contractual Obligation, and
Revenue Debt \$ 122,250,342

Source: Data received from Bibb County, Georgia

BIBB COUNTY SCHOOL DISTRICT

APPROPRIATION / TAX ASSESSMENT PER CHILD DATA LAST TEN FISCAL YEARS

Fiscal Year	School System	Total Enrollment (2)	Local Appropriation for Education	Tax Assessment Values on Property (1)	Education % of Assessment	Local Appropriation Per Enrolled Child
1996	Bibb County	24,287	\$ 42,479,455	\$ 2,930,514,486	1.45 %	\$ 1,749.06
1997	Bibb County	23,983	44,652,544	3,045,947,645	1.47	1,861.84
1998	Bibb County	23,838	48,139,501	3,151,379,121	1.53	2,019.44
1999	Bibb County	23,822	47,613,362	3,223,267,495	1.48	1,998.71
2000	Bibb County	23,813	61,142,694	3,316,052,100	1.84	2,567.62
2001	Bibb County	24,045	84,419,111	3,892,468,008	2.17	3,510.88
2002	Bibb County	23,954	60,061,901	3,933,192,390	1.53	2,507.39
2003	Bibb County	24,111	61,096,433	3,973,259,666	1.54	2,533.97
2004	Bibb County	24,343	63,288,615	4,054,797,875	1.56	2,599.87
2005	Bibb County	24,214	66,363,890	4,071,548,918	1.63	2,740.72

Source:

- (1) - Data received from Bibb County, Georgia.
- (2) - Bibb County School District. Enrollment figures taken from the sixth 20 day attendance report for each year. This time period occurs around the first week of March. Enrollment is lower at this time than in the fall. Additionally, these figures do not include Pre-K and Psycho-Educational Center students.

BIBB COUNTY SCHOOL DISTRICT

COST / TAX ASSESSMENT PER CHILD DATA LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>School System</u>	<u>Total Enrollment (2)</u>	<u>Total Cost Per Enrolled Child</u>	<u>Tax Base Per Enrolled Child</u>	<u>Cost / Tax Base Percentage</u>	<u>Tax Assessment Values on Property (1)</u>
1996	Bibb County	24,287	\$ 5,762.89	\$ 116,361.58	4.78 %	\$ 2,930,514,486
1997	Bibb County	23,983	6,062.13	120,681.73	4.77	3,045,947,645
1998	Bibb County	23,838	5,851.69	126,999.15	4.43	3,151,379,121
1999	Bibb County	23,822	6,670.58	132,199.81	4.93	3,223,267,495
2000	Bibb County	23,813	6,922.14	135,283.62	4.97	3,316,052,100
2001	Bibb County	24,045	7,010.09	139,253.86	4.33	3,892,468,008
2002	Bibb County	23,954	8,683.81	164,197.73	5.29	3,933,192,390
2003	Bibb County	24,111	9,180.23	164,790.33	5.57	3,973,259,666
2004	Bibb County	24,343	9,681.42	166,569.36	5.81	4,054,797,875
2005	Bibb County	24,214	9,020.72	168,148.55	5.36	4,071,548,918

Source:

- (1) - Data received from Bibb County, Georgia.
- (2) - Bibb County School District. Enrollment figures taken from the sixth 20 day attendance report for each year. This time period occurs around the first week of March. Enrollment is lower at this time than in the fall. Additionally, these figures do not include Pre-K and Psycho-Educational Center students.

BIBB COUNTY SCHOOL DISTRICT

DEMOGRAPHIC STATISTICS OF BIBB COUNTY, GEORGIA LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Bibb County Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate Percentage (2)</u>
1996	155,573	N/A	33.7	24,287	5.2 %
1997	155,573	\$ 21,934	33.9	23,983	5.1
1998	155,573	22,811	33.9	23,838	5.7 (3)
1999	156,456	22,711	32.6	23,822	4.7
2000	155,441	23,975	32.6	23,813	4.8
2001	153,887	25,222	34.7	24,045	4.3
2002	153,549	26,895	34.7	23,954	4.0
2003	153,549	28,097	34.7	24,111	4.9
2004	154,287	28,097	34.7	24,343	4.9
2005	155,170	29,405	35	24,214	5.6

Source:

(1) - Middle Georgia Regional Development Center

(2) - Georgia Department of Labor

(3) - Represents August 1998

(4) - Bibb County School District. Enrollment figures taken from the sixth 20 day attendance report for each year. This time period occurs around the first week of March. Enrollment is lower at this time than in the fall. Additionally, these figures do not include Pre-K and Psycho-Educational Center students.

N/A - Not available

BIBB COUNTY SCHOOL DISTRICT

COMMERCIAL AND RESIDENTIAL CONSTRUCTION AND BANK DEPOSITS BIBB COUNTY, GEORGIA LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Commercial Construction (1)</u>		<u>Residential Construction (1)</u>		<u>Bank and Savings & Loan Deposits (in thousands) (2)</u>
	<u>Number of Permits</u>	<u>Value (in thousands)</u>	<u>Number of Permits</u>	<u>Value (in thousands)</u>	
1996	594	\$ 131,638	1,675	\$ 63,667	\$ 1,852,784
1997	656	50,398	1,460	78,016	1,992,197
1998	378	74,666	1,083	41,969	2,027,625
1999	207	52,796	919	51,443	2,063,636
2000	174	66,674	729	52,158	1,958,738
2001	610	185,274	1,547	72,172	2,186,673
2002	184	36,498	805	46,403	2,211,907
2003	199	87,209	739	50,303	2,211,907
2004	167	82,343	756	54,980	2,577,896
2005	179	64,597	844	68,154	2,484,223

- Notes:
- Fiscal year information is as of the years ended September 30th, 1994 through 1997.
 - Fiscal year information for 1998 represents a nine month period ended June 30, 1998.
 - Fiscal years ended June 30th, 1999 through 2005.

- Source:
- (1) - Construction data received from Macon-Bibb County Bureau of Inspections and Fees.
 - (2) - Deposit information received from FDIC.

BIBB COUNTY SCHOOL DISTRICT
ESTIMATED ACTUAL PROPERTY VALUES
BIBB COUNTY, GEORGIA
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Public Utilities	Motor Vehicle	Timber	Heavy Equipment	Total
1996	\$ 4,343,244,460	\$ 1,937,469,620	\$ 348,701,620	\$ 692,324,253	\$ 1,818,505	N/A	\$ 7,323,558,458
1997	4,588,225,228	1,947,482,813	333,488,385	741,292,013	1,752,270	N/A	7,612,240,709
1998	4,804,360,805	1,950,676,718	340,078,290	779,066,743	1,706,099	N/A	7,875,888,655
1999	4,933,312,178	2,090,679,055	313,610,725	717,952,705	1,045,630	N/A	8,056,600,293
2000	5,063,756,648	2,109,664,203	335,493,533	778,379,628	385,277	\$ 1,873,048	8,289,552,337
2001	6,536,578,235	2,064,759,598	300,518,345	825,133,600	848,820	2,058,193	9,729,896,791
2002	6,539,493,010	2,123,079,933	333,536,788	835,310,980	549,436	186,675	9,832,156,822
2003	6,645,216,523	2,094,072,360	318,587,995	871,211,043	200,976	3,558,805	9,932,847,702
2004	6,796,988,390	2,119,781,173	294,242,980	923,437,983	361,925	1,639,350	10,136,451,801
2005	6,984,022,703	1,943,859,520	289,737,343	958,718,800	350,285	1,658,218	10,178,346,869

Source: Data received from Bibb County, Georgia

IV. SINGLE AUDIT SECTION

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

**To the Members of the Board of Education
of the Bibb County School District
Macon, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bibb County School District as of and for the year ended June 30, 2005, which collectively comprise the Bibb County School District's basic financial statements and have issued our report thereon dated September 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bibb County School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Bibb County School District in a separate letter dated September 9, 2005.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
September 9, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Members of the Board of Education
of the Bibb County School District
Macon, Georgia**

Compliance

We have audited the compliance of the Bibb County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Bibb County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Bibb County School District's management. Our responsibility is to express an opinion on the Bibb County School District's compliance based on our audit.

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

In our opinion, the Bibb County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Bibb County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Bibb County School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
September 9, 2005

BIBB COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through Georgia Department of Education:			
USDA-Food Distribution (non-cash)	10.550	N/A	\$ 1,204,177
School Breakfast Program	10.553	N/A	1,930,750
National School Lunch Program	10.555	N/A	5,812,087
School Snack Program	10.555	N/A	102,439
Total U. S. Department of Agriculture			9,049,453
U. S. DEPARTMENT OF DEFENSE			
Junior R.O.T.C.	Unknown	N/A	251,375
Total U. S. Department of Defense			251,375
U. S. DEPARTMENT OF JUSTICE			
Direct Programs:			
COPS in Schools	16.710	2000SHWX0654	28,348
Total U. S. Department of Justice			28,348
U. S. DEPARTMENT OF EDUCATION:			
Direct programs:			
After School Learning Centers	84.287A	S287A012055	366,040
After School Learning Centers	84.287A	S287A011846	454,513
			820,553
Smaller Learning Communities	84.215L	V215L032134	169,616
Technology-Research to Practice	84.327M	H327M000013	55,990
Emergency Response Crisis Management	84.184E	Q184E030198	38,278

(Continued)

BIBB COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Direct programs (continued):			
Impact Aid-Maintenance and Operations	84.041	20-GA-2001-0011	\$ 160,731
Subtotal direct programs, Department of Education			1,245,168
Passed through WJCC Public Schools			
Teaching American History	84.215X	S215X020014	2,996
Subtotal - Passed through WJCC Public Schools			2,996
Passed through Georgia Department of Education:			
Title I Programs - Local Education Agency	84.010	30	12,566,800
Title I Programs - School Improvement Grant	84.010	576	148,957
Title I Programs - Academic Awards	84.010	577	63,217
Title I Programs - Reading First	84.357	98	745,497
			13,524,471
Title VI-B Flowthrough	84.027	39	3,163,737
Special Ed Capacity Building Improvement Grant	84.027	369	193,110
Special Ed Capacity Building Improvement Grant - SED	84.027	559	27,733
Title VI-B PL 94-142 SED Centers	84.027	184	452,476
			3,837,056
Title II - Part A	84.367	569	\$ 2,483,518
Title II - Part D	84.318	575	92,660
Title II - Part D	84.318	568	407,269
			499,929
Title III - Part A	84.365	565	42,538
Title IV-B, 21st Century Community Learning Centers	84.287	578	266,406
Title V - Part A	84.298	570	163,205
Title VI-B Preschool Incentive	84.173	37	129,659

(Continued)

BIBB COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U. S. DEPARTMENT OF EDUCATION (Continued):			
Passed through Georgia Department of Education (continued): Drug Free Schools and Communities - State Grants	84.186A	61	\$ 390,607
Safe Schools/Healthy Students	84.184L	Q184L030216	2,708,306
Education for Homeless Children and Youth-Grant for State and Local Activities - State Grants	84.196A	55	62,775
Vocational Education - Basic Grants to States	84.048A	429/430	311,898
Title I-C, Migrant Education	84.011A	04/05	19,569
Subtotal - Passed through Georgia Department of Education			24,439,937
Total U. S. Department of Education			25,688,101
U. S. DEPARTMENT OF THE TREASURY			
Passed through Bureau of Alcohol, Tobacco and Firearms G.R.E.A.T. Program	21.053	ATC030017	102,158
Total U. S. Department of The Treasury			102,158
Total Federal Financial Assistance			\$ 35,119,435

BIBB COUNTY SCHOOL DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bibb County School District and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

BIBB COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

A. SUMMARY OF AUDIT RESULTS

- The auditor's report expresses an unqualified opinion on the financial statements of the Bibb County School District.
- No reportable conditions relating to the audit of the financial statements are reported in the 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*.
- No instances of non-compliance relating to the audit of the financial statements of the Bibb County School District are reported in the 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*.
- No reportable conditions related to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
- The auditor's report on compliance for the major federal award programs for the Bibb County School District expresses an unqualified opinion.
- There were no findings which are required to be reported under section 510(a) of OMB Circular A-133.
- The programs tested as major programs were:
U.S. Department of Education, School Nutrition Program, CFDA#10.550, 10.553, and 10.555
U.S. Department of Education, After School Learning Centers, CFDA#84.287 and 84.287A
- The threshold for distinguishing Types A and B programs was \$1,053,583.
- The Bibb County School District was determined to be a low-risk auditee.

BIBB COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

B. FINDINGS: FINANCIAL STATEMENTS AUDIT

None reported.

C. FINDINGS AND QUESTIONED COSTS: MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

04-1: Consultation with Private Schools

Finding: At June 30, 2004, the District was not properly consulting with private school officials to offer the opportunity for the private schools to participate in the Safe Schools/Healthy Students grant program

Status: During the year ended June 30, 2005, the District began sending letters to the private school officials, notifying them of the grants, and allowing the private schools the opportunity to participate in the grant programs in accordance to the Safe Schools/Healthy Students grant.