GLYNN COUNTY
BOARD OF EDUCATION

Annual
Financial Report

Fiscal Year Ended June 30, 2018

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Brunswick, Georgia

GLYNN COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

FINANCIAL SECTION

Page

Independent Auditor's Report ..... 1 – 3
Management's Discussion and Analysis ..... 4 – 11

Basic Financial Statements:
- **Government-wide Financial Statements:**
  - **Statement of Net Position 12**
  - **Statement of Activities 13**
- **Fund Financial Statements:**
  - **Balance Sheet – Governmental Funds 14**
  - **Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 15**
  - **Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 16**
  - **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17**
  - **General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual 18**
  - **Statement of Net Position – Proprietary Funds 19**
  - **Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 20**
  - **Statement of Cash Flows – Proprietary Funds ..... 21 and 22**
  - **Statement of Fiduciary Assets and Liabilities – Agency Fund 23**
- **Notes to Financial Statements ..... 24 – 65**

- **Required Supplementary Information:**
  - **Schedule of Proportionate Share of the Net Pension Liability – Teachers' Retirement System of Georgia 66**
  - **Schedule of Contributions – Teachers' Retirement System of Georgia 67**
  - **Notes to Required Supplementary Information – Teachers' Retirement System of Georgia 68**

GLYNN COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Page

Basic Financial Statements (Continued):
- **Required Supplementary Information (Continued):**
  - **Schedule of Proportionate Share of the Net Pension Liability – Public School Employees' Retirement System 69**
  - **Notes to Required Supplementary Information – Public School Employees' Retirement System 70**
  - **Schedule of Proportionate Share of the Net Pension Liability – Employees' Retirement System 71**
  - **Schedule of Contributions – Employees' Retirement System 72**
  - **Notes to Required Supplementary Information – Employees' Retirement System 73**
  - **Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund 74**
  - **Schedule of Contributions – School OPEB Fund 75**
  - **Notes to Required Supplementary Information – School OPEB Fund 76**

Combining and Individual Fund Statements and Schedules:
- **Nonmajor Governmental Funds:**
  - **Combining Balance Sheet – Nonmajor Governmental Funds ..... 77 and 78**
  - **Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds ..... 79 and 80**
  - **Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds ..... 81 – 85**
  - **Schedule of Approved Special Purpose Local Option Sales Tax Projects ..... 86 and 87**
- **Internal Service Funds:**
  - **Combining Statement of Net Position – Internal Service Funds 88**
  - **Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds 89**
  - **Combining Statement of Cash Flows – Internal Service Funds ..... 90 and 91**
- **Agency Fund:**
  - **Statement of Changes in Assets and Liabilities – Agency Fund 92**

CONTINUING DISCLOSURE SECTION

Bond Issue Continuing Disclosure Information ..... 93 – 98

GLYNN COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS (Continued)

SINGLE AUDIT SECTION

Page

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 99 and 100

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance ..... 101 – 103

Schedule of Expenditures of Federal Awards 104

Notes to Schedule of Expenditures of Federal Awards 105

Schedule of Findings and Questioned Costs ..... 106 – 108

Schedule of Prior Year Findings 109

Management's Corrective Action Plan 110

Financial Section

Glynn County
Board of Education

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of the
Glynn County Board of Education
Brunswick, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Glynn County Board of Education** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Glynn County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Glynn County Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, the Glynn County Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the Glynn County Board of Education net other post-employment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 – 11) and the schedules of proportionate share of the net pension liabilities, the schedules of pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of OPEB contributions (on pages 74 – 76) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glynn County Board of Education's basic financial statements. The combining and individual nonmajor fund financial statements and the continuing disclosure section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;* and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are also presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and schedules of expenditures of special purpose local option sales tax proceeds (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019, on our consideration of Glynn County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glynn County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
May 15, 2019

Management's Discussion and Analysis

Glynn County Board of Education

GLYNN COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The discussion and analysis of Glynn County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018, are as follows:

- In total, net position decreased $94.5 million, which represents a 52% decrease from fiscal year 2017. This decrease was due to governmental activities since the Board has no business-type activities.

- General revenues accounted for $96.3 million in revenue or 56% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $75.6 million or 44% of total revenues of $171.8 million.

- The Board had $154.3 million in expenses related to governmental activities; only $75.6 million of these expenses were offset by program revenues. General revenues (primarily property and sales taxes) of $96.3 million funded the remaining expenses for these programs.

- Among major funds, the general fund has $129.5 million in revenues and other financing sources and $133.7 million in expenditures and other financing uses. The general fund's fund balance decreased to $23.7 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Glynn County Board of Education as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a long-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. In the case of the Glynn County Board of Education, the general fund is by far the most significant fund.

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, liabilities, and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the Board has one distinct type of activity:

- Governmental Activities - All of the Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, after school program, principal's accounts and various others.

Reporting the Board's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds The district is the trustee, or fiduciary, for assets that belong to others, such as 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 their 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 these assets to finance its operations.

The Board as a Whole

- The perspective of the statement of net position is of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal year 2018 compared to fiscal year 2017.

Table 1
Net Assets
(In Thousands)

	2018	2017
Assets		
Current and other assets	**$ 134,231**	$ 141,944
Capital assets, net of accumulated depreciation	**241,699**	219,200
Total assets	**375,930**	361,144
Deferred Outflows of Resources		
Pension related	**31,298**	32,991
Liabilities		
Current and other liabilities	**41,007**	25,983
Long-term liabilities	**264,815**	184,150
Total liabilities	**305,822**	210,133
Deferred Inflows of Resources		
Pension related	**15,818**	3,882
Net Position		
Net investment in capital assets	**202,454**	209,386
Restricted	**65,726**	44,541
Unrestricted	**(182,592)**	(73,807)
Total net position	**$ 85,588**	$ 180,120

Total net position decreased $94.5 million in fiscal year 2018.

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2 Change in Net Position (In Thousands)

	2018	2017
Revenues		
Program revenues:		
Charges for services and sales	**$ 1,258**	$ 3,052
Operating grants and contributions	**74,349**	69,127
Capital grants and contributions	**15**	184
Total program revenues	**75,622**	72,363
General Revenues:		
Taxes		
Property taxes	**70,924**	68,168
Sales taxes	**21,886**	20,563
Other taxes	**3,012**	1,708
Grants and contributions not restricted to specific programs	**-**	682
Unrestricted investment earnings	**131**	11
Investment earnings restricted for capital projects	**-**	141
Miscellaneous	**311**	1,368
Total general revenues	**96,264**	92,641
Total revenues	**171,886**	165,004
Program Expenses		
Instruction	**102,105**	102,297
Support services		
Pupil services	**4,435**	4,538
Improvement of instructional services	**5,800**	5,439
Educational media services	**2,139**	2,099
Federal grant administration	**-**	155
General administration	**1,043**	1,055
School administration	**7,706**	7,222
Business administration	**1,329**	1,308
Maintenance and operation of plant	**13,027**	12,442
Student transportation services	**6,783**	6,166
Central support services	**1,460**	1,867
Other support services	**5**	98
Operations of non-instructional services		
Food services	**8,178**	8,094
Interest on short-term and long-term debt	**246**	1,026
Total expenses	**154,256**	153,806
Increase in net position	**17,630**	11,198
Net position - beginning	**67,958**	168,922
Net position - ending	**$ 85,588**	$ 180,120

Governmental Activities

Instruction comprises 66% of governmental program expenses. Interest expense was less than 1% of governmental program expenses. Interest expense was attributable to capital leases and the outstanding bonds for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2018 with fiscal year 2017. Net cost of services can be defined as the total cost less fees generated by the activities and revenues or contributions provided for specific programs. That is, it identifies the cost of these services supported by tax revenues, unrestricted state grants, investment earnings and other general revenues.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2018	Fiscal Year 2017	**Fiscal Year 2018**	Fiscal Year 2017
Instruction	**$ 102,105**	$ 102,297	**$ 42,555**	$ 49,534
Support services:				
Pupil services	**4,435**	4,538	**3,934**	3,261
Improvement of instructional services	**5,800**	5,439	**3,962**	3,763
Educational media services	**2,139**	2,099	**2,139**	953
Federal grant administration	**-**	155	**-**	155
General administration	**1,043**	1,055	**(667)**	(180)
School administration	**7,706**	7,222	**7,528**	4,855
Business administration	**1,329**	1,308	**1,320**	1,308
Maintenance and operation of plant	**13,027**	12,442	**10,225**	9,779
Student transportation services	**6,783**	6,166	**5,535**	4,985
Central support services	**1,460**	1,867	**1,434**	1,867
Other support services	**5**	98	**1**	98
Operations of non-instructional services:				
Food services	**8,178**	8,094	**418**	59
Community services	**-**	-	**4**	(22)
Interest on short-term and long-term debt	**246**	1,026	**246**	1,026
Total expenses	**$ 154,256**	$ 153,806	**$ 78,634**	$ 81,441

Expenditures for fiscal year 2018 increased less than 1% from the prior year and net cost of services decreased 3.4%. The decrease in net cost of services was due to increase in program revenues. The Board is dependent upon tax revenues for governmental activities.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $176.8 million and expenditures and other financing uses of $194.9 million with a net change of $18.1 in fund balance. The general fund had a decrease of $4.2 million in fund balance. The negative change in the fund balance of the general fund for the year reflects that the Board used reserves to meet current costs.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund which includes local, state and federal funds collected and disbursed for the purpose of operating the school system.

During the course of fiscal year 2018, the Board amended its general fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted revenues and other financing sources of $127.9 million were higher than the original budgeted amount of $126.1 million by $1.8 million. The actual revenues and other financing sources of $129.5 million were more than the budgeted amount of $127.9 million by $1.6 million due to an increase in property tax collections above collection rate used to budget for taxes.

The final budgeted expenditures and other financing uses of $131.2 million exceeded the original budgeted amount of $127.7 million by $3.5 million. This difference was due to an operating transfer to local capital projects fund. The actual expenditures and other financing uses of $133.7 million were $2.5 million more than budgeted. This difference was due to an operating transfer to local capital projects and workmen’s compensation funds.

General fund revenues and other financing sources were less than the expenditures and other financing uses by $4.2 million. The Board continues to maintain an adequate fund balance while waiting for the tax digest to reach prerecession values.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Board had $241.6 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2018 balances compared with fiscal year 2017 balances.

Table 4
Capital Assets at June 30
(Net of Depreciation, in Thousands)

	2018	2017
Land	**$ 9,322**	$ 5,368
Construction in progress	**58,268**	35,596
Building and building improvements	**164,884**	172,383
Equipment	**9,225**	5,852
Total capital assets, net of accumulated depreciation	**$ 241,699**	$ 219,199

Capital Assets increased by $22.5 million for fiscal year 2018. The Board began building a replacement Burroughs-Molette elementary school. These capital expenditures are being funded with Educational Special Purpose Local Option Sales Tax (ESPLOST) revenues and General Obligation Bonds. In November of 2009, the voters of Glynn County approved the second ESPLOST for the school district to be collected between January 1, 2011 and December 31, 2017. A third ESPLOST was approved by the Glynn County voters in November 2017 to be collected between January 1, 2018 and December 31, 2020.

Debt

At June 30, 2018, the Board had $37.7 million in bonds outstanding with $13.5 million due within one year. Table 5 summarizes general obligation bonds, capital leases, compensated absences outstanding and net pension and OPEB liabilities. Table 5 shows fiscal year 2018 balances compared with fiscal year 2017 balances.

Table 5
Debt at June 30
(In Thousands)

	2018	2017
General obligation bonds	**$ 37,755**	$ 47,361
Capital leases	**1,490**	1,443
Compensated absences	**2,592**	2,579
Net pension liability	**122,402**	132,766
Net OPEB liability	**114,218**	118,999
Total long-term obligations	**$ 278,457**	$ 303,148

In November 2017, voters approved a 1% ESPLOST in conjunction with a $43.6 million General Obligation Bond issue for the purpose of building new schools and renovating schools. The ESPLOST, collected between January 1, 2018, and December 31, 2020, will be used to retire the bonds. In May 2018, Glynn County Board of Education issued $43.6 million in General Obligation Sales Tax Bonds to advance fund the capital projects. At June 30, 2018, the School District's assigned bond rating was "Aa1" as determined by Moody's Investors Service.

Current Issues

Despite state revenue austerity cuts remaining intact since 2003 and equaling $1 million in 2018, state mandated salary, retirement and health insurance increases only being partially funded, and the ongoing effort of the board to maintain class sizes in accord with maximum class-size requirements from the state, the Glynn County School System has been able to maintain an adequate fund balance of $23.7 million in the General Fund. Even though the Board implemented conservative budgeting practices throughout the recession, they were not able to maintain the same millage rate. The digest has declined by 19% since fiscal year 2009. The Board raised the millage rate to 16.230 in 2014 but was able to roll the millage rate back to 16.157 in 2015 and remains at 16.157 for 2018. With the School District's second ESPLOST, a renovation began on the Glynn Academy Prep building. With the School District's third ESPLOST, a replacement of Burroughs-Molette elementary school began. These projects will ensure adequate space for future growth in our high schools and elementary schools.

Currently, there are no legal issues pending that would materially affect the financial position of the School System. Glynn County Schools is expecting the Austerity Reductions from the state to be discontinued and are hopeful the property tax digest will begin to increase to prerecession values. Although the Board will be looking to streamline programs and operations in order to compensate for the loss in revenues from the state and slow growth in the digest, Glynn County Schools is in a sound financial position with a $23.7 million reserve and a conservative millage rate.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact Andrea H. Preston at Glynn County Board of Education, 1313 Egmont Street, Brunswick, Georgia 31521 or email at apreston@glynn.k12.ga.us.

Basic Financial Statements

Glynn County
Board of Education

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 117,486,458
Receivables:	
Accounts	399,163
Intergovernmental	12,217,706
Taxes	3,381,638
Inventories	642,565
Prepaid items	103,602
Capital assets, nondepreciable	63,632,811
Capital assets, depreciable (net of accumulated depreciation)	178,065,978
Total assets	375,929,921
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	22,087,862
OPEB	9,211,076
Total deferred outflows of resources	31,298,938
LIABILITIES	
Accounts payable	4,301,789
Retainage payable	1,482,073
Workers' compensation claims due within one year	540,000
Workers' compensation claims due in more than one year	723,312
Accrued payroll and payroll withholdings	19,575,739
Accrued interest	741,667
General obligation bonds due within one year	13,500,000
General obligation bonds due in more than one year, net of unamortized premium	24,255,457
Capital leases due within one year	830,948
Capital leases due in more than one year	658,759
Compensated absences due within one year	33,990
Compensated absences due in more than one year	2,558,434
Net pension liability, due in more than one year	122,402,355
Net OPEB liability, due in more than one year	114,217,603
Total liabilities	305,822,126
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,469,109
OPEB	12,349,141
Total deferred inflows of resources	15,818,250
NET POSITION	
Net investment in capital assets	202,453,625
Restricted for grant programs	2,739,300
Restricted for debt service	7,235,741
Restricted for capital projects	55,752,394
Unrestricted	(182,592,577)
Total net position	$ 85,588,483

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental activities:					
Instruction	$ 102,105,055	$ 394,929	$ 59,140,293	$ 15,000	$ (42,554,833)
Pupil services	4,434,930	-	500,571	-	(3,934,359)
Improvement of instructional services	5,800,515	-	1,838,010	-	(3,962,505)
Educational media services	2,138,969	-	-	-	(2,138,969)
General administration	1,042,952	-	1,710,399	-	667,447
School administration	7,706,430	-	178,633	-	(7,527,797)
Business services	1,329,260	-	9,045	-	(1,320,215)
Maintenance and operations	13,026,497	-	2,801,341	-	(10,225,156)
Student transportation	6,782,905	-	1,247,921	-	(5,534,984)
Central support services	1,459,831	-	25,474	-	(1,434,357)
Other support services	1,054	-	-	-	(1,054)
Food services	8,177,802	863,402	6,896,915	-	(417,485)
Community services	3,923	-	-	-	(3,923)
Interest on long-term debt	246,084	-	-	-	(246,084)
Total governmental activities	$ 154,256,207	$ 1,258,331	$ 74,348,602	$ 15,000	(78,634,274)
General revenues:					
Property taxes					70,923,570
Sales taxes					21,885,567
Other taxes					3,012,450
Unrestricted investment earnings					131,448
Gain on sale of capital assets					310,976
Total general revenues					96,264,011
Change in net position					17,629,737
Net position, beginning of year, as restated					67,958,746
Net position, end of year					$ 85,588,483

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

GLYNN COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 39,007,515	$ 67,263,967	$ 4,617,475	$ 110,888,957
Receivables:				
Accounts	255,523	-	143,640	399,163
Taxes	3,381,638	-	-	3,381,638
Intergovernmental	8,204,030	2,198,695	1,814,981	12,217,706
Due from other funds	1,530,011	1,775,400	1,177,212	4,482,623
Inventory and prepaid expenses	504,229	-	138,336	642,565
Total assets	$ 52,882,946	$ 71,238,062	$ 7,891,644	$ 132,012,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,017,190	$ 2,760,507	$ 524,092	$ 4,301,789
Retainage payable	-	1,482,073	-	1,482,073
Due to other funds	8,101,592	-	1,533,959	9,635,551
Accrued payroll and payroll withholdings	17,655,121	-	1,920,618	19,575,739
Unearned revenue	-	-	-	-
Total liabilities	$ 26,773,903	$ 4,242,580	$ 3,978,669	$ 34,995,152
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 2,392,037	$ -	$ -	$ 2,392,037
Total deferred inflows of resources	2,392,037	-	-	2,392,037
FUND BALANCES				
Fund balances:				
Nonspendable - inventory and prepaid	504,229	-	138,336	642,565
Restricted for capital projects	-	55,752,394	-	55,752,394
Restricted for debt service	-	7,235,741	-	7,235,741
Restricted for grant programs	-	-	2,600,964	2,600,964
Assigned for student activity accounts	-	-	872,713	872,713
Assigned for subsequent year's budget	3,376,500	-	-	3,376,500
Assigned for Histroic Glynn Academy	-	-	15,198	15,198
Assigned for athletic programs	-	-	285,764	285,764
Assigned for local capital outlay	-	4,007,347	-	4,007,347
Unassigned	19,836,277	-	-	19,836,277
Total fund balances	23,717,006	66,995,482	3,912,975	94,625,463
Total liabilities, deferred inflows of resources and fund balances	$ 52,882,946	$ 71,238,062	$ 7,891,644	$ 132,012,652

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

GLYNN COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds	$	94,625,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		241,698,789
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,392,037
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(263,718,525)
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 position.		10,590,719
Net position of governmental activities	$	85,588,483

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 72,905,646	$ -	$ -	$ 72,905,646
Sales taxes	-	21,885,567	-	21,885,567
Local sources	772,987	15,000	3,551,819	4,339,806
State sources	54,176,379	-	2,443,546	56,619,925
Federal sources	815,767	-	13,804,546	14,620,313
Interest income	7,926	123,400	122	131,448
Total revenues	128,678,705	22,023,967	19,800,033	170,502,705
EXPENDITURES				
Current:				
Instruction	83,439,115	-	9,614,746	93,053,861
Pupil services	3,759,437	-	594,382	4,353,819
Improvement of instructional services	3,802,844	-	1,951,141	5,753,985
Educational media services	2,091,196	-	-	2,091,196
General administration	1,001,031	-	23,712	1,024,743
School administration	7,385,739	-	178,633	7,564,372
Business administration	1,297,110	-	-	1,297,110
Maintenance and operation of plant	12,869,700	-	94,190	12,963,890
Student transportation services	5,612,868	4,595,930	14,039	10,222,837
Central support services	1,671,912	-	11,081	1,682,993
Other support services	1,054	-	-	1,054
Food services	73,530	-	7,858,751	7,932,281
Community services	3,923			3,923
Capital outlay	-	26,247,119	-	26,247,119
Debt service				
Principal	745,461	8,000,000	-	8,745,461
Interest and other charges	33,528	1,980,000	-	2,013,528
Total expenditures	123,788,448	40,823,049	20,340,675	184,952,172
Excess (deficiency) of revenues over (under) expenditures	4,890,257	(18,799,082)	(540,642)	(14,449,467)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	79,447	299,625	-	379,072
Capital lease	792,528	-	-	792,528
Transfers in	-	4,733,000	458,401	5,191,401
Transfers out	(10,008,213)	-	-	(10,008,213)
Total other financing sources (uses)	(9,136,238)	5,032,625	458,401	(3,645,212)
Net change in fund balances	(4,245,981)	(13,766,457)	(82,241)	(18,094,679)
FUND BALANCES, beginning of year, as restated	27,962,987	80,761,939	3,995,216	112,720,142
FUND BALANCES, end of year	$ 23,717,006	$ 66,995,482	$ 3,912,975	$ 94,625,463

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

GLYNN COUNTY BOARD OF EDUCATION

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, 2018

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

Net change in fund balances - total governmental funds	$	(18,094,679)
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.		22,567,528
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(68,096)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,030,375
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.		12,194,609
Change in net position - governmental activities	$	17,629,737

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

GLYNN COUNTY BOARD OF EDUCATION

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 70,634,400	$ 71,753,100	$ 72,905,646	$ 1,152,546
Local sources	1,073,300	1,061,000	772,987	(288,013)
State sources	53,719,700	53,591,300	54,176,379	585,079
Federal sources	560,600	688,200	815,767	127,567
Interest income	100,000	10,000	7,926	(2,074)
Total revenues	126,088,000	127,103,600	128,678,705	1,575,105
EXPENDITURES				
Current:				
Instruction	86,080,700	85,142,000	83,439,115	1,702,885
Pupil services	3,739,000	3,841,900	3,759,437	82,463
Improvement of instructional services	3,971,600	3,952,000	3,802,844	149,156
Educational media services	2,111,600	2,109,900	2,091,196	18,704
General administration	1,014,800	1,024,200	1,001,031	23,169
School administration	7,197,600	7,429,600	7,385,739	43,861
Business administration	1,396,200	1,345,500	1,297,110	48,390
Maintenance and operations	13,173,100	13,403,000	12,869,700	533,300
Student transportation services	5,803,700	5,805,000	5,612,868	192,132
Central support services	1,625,800	1,735,000	1,671,912	63,088
Other support services	2,100	2,400	1,054	1,346
Food services	-	73,600	73,530	70
Community services	5,800	20,800	3,923	16,877
Debt service				
Principal	1,139,500	1,170,700	745,461	425,239
Interest and other charges	54,200	40,800	33,528	7,272
Total expenditures	127,315,700	127,096,400	123,788,448	3,307,952
Excess (deficiency) of revenues over expenditures	(1,227,700)	7,200	4,890,257	4,883,057
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	29,700	79,700	79,447	(253)
Capital lease	-	792,500	792,528	28
Transfers out	(426,700)	(4,191,500)	(10,008,213)	(5,816,713)
Total other financing sources (uses)	(397,000)	(3,319,300)	(9,136,238)	(5,816,938)
Net change in fund balances	$ (1,624,700)	$ (3,312,100)	$ (4,245,981)	$ (933,881)

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities - Internal Service Funds
ASSETS	
Cash and cash equivalents	$ 6,597,501
Due from other funds	5,152,928
Prepaid items	103,602
Total current assets	11,854,031
Total assets	11,854,031
LIABILITIES	
CURRENT LIABILITIES	
Workers' compensation claims payable due within one year	540,933
Total current liabilities	540,933
NONCURRENT LIABILITIES	
Workers' compensation claims payable due in more than one year	722,379
Total noncurrent liabilities	722,379
Total liabilities	1,263,312
NET POSITION	
Unrestricted	10,590,719
Total net position	$ 10,590,719

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Risk management fees	$ 1,279,944
Total operating revenues	1,279,944
OPERATING EXPENSES	
Risk management	888,462
Total operating expenses	888,462
Operating income	391,482
NON-OPERATING REVENUES	
Investment income	753
Total non-operating revenues	753
Income before transfers	392,235
TRANSFERS IN	4,816,812
Change in net position	5,209,047
NET POSITION, beginning of year, as restated	5,381,672
NET POSITION, end of year	$ 10,590,719

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from local sources	$ (3,552,785)
Payments to suppliers	(883,842)
Net cash used in operating activities	(4,436,627)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	753
Net cash provided by investing activities	753
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	4,816,812
Net cash provided by noncapital financing activities	4,816,812
Net increase in cash and cash equivalents	380,938
Cash and cash equivalents, beginning of year	6,216,563
Cash and cash equivalents, end of year	$ 6,597,501

(Continued)

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds
Reconciliation of operating income to net cash used in operating activities	
Operating income	$ 391,482
Adjustments to reconcile operating income to net cash used in operating activities	
Decrease in accounts receivable	1,112
(Increase) in due from other funds	(4,833,841)
(Increase) in prepaid items	(103,602)
Increase in accounts payable	108,222
Net cash used in operating activities	$ (4,436,627)

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2018

	Agency Funds Student Activities
ASSETS	
Cash and cash equivalents	$ 467,418
Total assets	$ 467,418
LIABILITIES	
Due to student groups	$ 467,418
Total liabilities	$ 467,418

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

Notes to Financial Statements

Glynn County
Board of Education

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Glynn County Board of Education (the "School System") was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School System is a primary government and consists of all the organizations that compose its legal entity. The Board provides public educational services to the citizenry of Glynn County, Georgia. It receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School System. The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to 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 are reported as separate columns in the fund financial statements.

The accompanying financial statements of the School System have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School System's accounting policies are described below.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Board's basic financial statements include both district-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). Both the district-wide and fund financial statements categorize its primary activities as governmental. Those activities (functions) are instruction, pupil services, instructional services, educational media services, general administration, business administration, school administration, pupil transportation, maintenance and operations, central support services, other support services, food service operations and interest on long-term debt.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 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 considered to be available when they are collectible within the current period. For this purpose, the School System considers revenues to be available if they are collected within 30 days of the end of the current fiscal period, except for amounts related to reimbursement based grants, which are considered available when all eligibility criteria has been met. 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.

The fiduciary fund financial statements are reported using the *accrual basis of accounting*.

Property taxes, sales 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.

Revenues from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School System must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School System on a reimbursement basis.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basis Education ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally, September 1 through August 31. In accordance with the requirements of the establishing legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures.

At June 30, the amounts of teachers' salaries incurred but not paid until July and August of the subsequent year is accrued, as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

The emphasis in fund financial statements is on the major funds in the governmental fund category.

The School System reports the following major governmental funds:

- General Fund
- Capital Projects Fund

The following fund types are used by the Board:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Board:

The ***General Fund*** is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds (Continued)

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The ***Capital Projects Fund*** is used to account for financial resources including ESPLOST, bond proceeds, and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction, or renovation of major capital facilities.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Board:

Internal service funds are used to account for the financing of risk management services such as workers' compensation and unemployment compensation that are charged to other departments or funds of the Board on a cost-reimbursement basis. The principal users of the internal services are the Board's governmental activities; the financial statement of the internal service fund is consolidated into the governmental column when presented in the district-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others, are not available to support Board programs, and do not involve measurement of results or operations. The Board has one fiduciary (agency) fund. Student Activity funds account for various student activities.

The Board's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Funds (Continued)

The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus related to the types of transactions reported. The district-wide financial statements and the proprietary (internal service) fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included on the Statement of Net Position. Governmental funds financial statements are accounted for on a flow of current financial resources measurement focus. With this measurement focus, generally only current asset and current liabilities are reported.

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

D. Cash and Cash Equivalents

The Board maintains a cash and investment pool that is available for all funds. Each fund's portion of this pool is displayed as "Cash & Investments." For purposes of the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash deposits are reported at carrying value, which reasonably estimates fair value.

E. Investments

During 2018 and as of June 30, 2018, the Board held no financial instruments classified as investments. The Board is authorized by state statutes to invest in the obligations of the U.S. Treasury, agencies and instrumentalities, repurchase agreements, bank certificates of deposit, and the Georgia Fund 1 administered by the State of Georgia.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the district-wide financial statements in accordance with the accrual basis. Allowances for uncollectible taxes receivable are based upon historical trends and the periodic aging of taxes receivable.

G. Sales Tax

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $21,885,567 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

H. Inventory

Inventories are stated at cost (principally first-in, first-out), which is not in excess of market. The Board utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures when used rather than when purchased.

Reported inventories are equally offset by a reservation of fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements

Capital assets, which include land, building, building improvements and equipment, are reported in the applicable governmental activities columns in the district-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of $5,000 or more for equipment and $10,000 for buildings and improvements. Donated capital assets are recorded at estimated acquisition 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight–line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Asset	Years
Buildings and Improvements	30 years
Equipment	3 - 20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in district-wide statements.

J. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements

All long-term debt to be repaid from governmental resources is reported as liabilities in the district-wide statements. The long-term debt consists primarily of general obligation bonds, contractual obligations, capital leases and accrued compensated absences. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method, which approximates the effective interest method. Bond issuance costs are expensed in the year of issuance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-term Debt (Continued)

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The face amount of the debt issued and premiums on the debt issuances are reported as other financing sources. Bond issuance costs are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position/governmental funds balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of resources that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Governmental Activities report several types of deferred outflows of resources related to the reporting of the net pension liability and net OPEB liability. See also Note 10 – Retirement Plans and Note 11 – Other Post-Employment Benefits.

In addition to liabilities, the statement of financial position/governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources.* This separate financial statement element represents an acquisition of resources that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to changes in the net pension liability and net OPEB liability as discussed below, the School System has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The Governmental Activities report deferred inflows of resources related to the reporting of the net pension liability and net OPEB liability. These deferred inflows of resources will be amortized over five years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia ("TRS"), the Employees' Retirement System of Georgia ("ERS"), and the Public School Employees' Retirement System ("PSERS"), and additions to/deductions from TRS/ERS/PSERS' fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. See also Note 10, Retirement Plans.

M. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Personnel Post-Employment Health Benefit Fund ("School OPEB Fund") and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Equity Classifications

District-wide Statements

Equity is classified as net assets and displayed in three components:

1. **Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net position** – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. **Unrestricted net position** – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

1. **Nonspendable Fund Balance** – Fund balance reported as nonspendable represents fund balance associated with inventory, prepaid items, or long-term receivables. Nonspendable indicates that the respective resources are not available to be spent in any way due to their very nature and/or their lack of availability.

2. **Restricted Fund Balance** – Fund balance reported as restricted represents amounts that can be spent only on the specific purposes stipulated by law through constitutional provisions or enabling legislation or by the external providers of those resources.

3. **Committed Fund Balance** – Fund balance reported as committed includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The only way committed funds can be removed or changed is by a formal action of the Board on or before the end of the fiscal year.

4. **Assigned Fund Balance** – Fund balance reported as assigned represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. At fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year's budget is considered to be an assignment of fund balance.

5. **Unassigned Fund Balance** – Fund balance reported as unassigned represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

   When an expenditure is incurred that would qualify as an expenditure of either Restricted or Unrestricted fund balance, those expenditures will first be applied to the Restricted Fund Balance category. When expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, Unassigned), those expenditures will be applied in the order of Assigned first, then Unassigned, and then Committed.

   Proprietary fund equity is classified the same as in the district-wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenues, Expenditures, and Expenses

1. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Board's internal service funds are charges to funds for risk management services. The Board's operating expenses for internal service funds include risk management expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Expenditures/Expenses

In the district-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character: Current (further classified by function), Debt Service, and Capital Outlay.

- Proprietary Fund – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of current financial resources. Proprietary funds report expenses relating to use of economic resources.

3. Interfund Activity and Internal Balances

Interfund activities are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at a market or near market rates, are treated as revenues and expenditures/expenses and are eliminated from the statement of activities to remove the "doubling-up" effect of the activity. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Permanent reallocation of resources between funds is classified as interfund transfers.

In the process of aggregating data for the statement of net position and the statement of activities certain amounts reported as interfund activity and balances in the funds are eliminated or reclassified in the district-wide financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenues, Expenditures, and Expenses (Continued)

4. Compensated Absences

Eligible Board employees can earn annual vacation based on length of service, to a maximum of 15 days after 15 years of service. However, no more than 45 days, and no more than 30 days for employees hired after July 1, 2007, are allowed to be carried over between fiscal years. Sick pay is as follows:

1. All employees earn one and one quarter days of sick leave with full pay each month.

2. Sick leave is cumulative up to an indefinite period.

3. Sick leave is paid for each day over 45 days at ½ of the substitute rate upon retirement or termination of employment.

All compensated absences are accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these 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 position

The government fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 $263,718,525 difference are as follows:

Accrued interest	$	(741,667)
General obligation, net of unamortized premium		(37,755,457)
Capital leases		(1,489,707)
Compensated absences		(2,592,424)
Net pension liability		(122,402,355)
Pensions - deferred inflows of resources		(3,469,109)
Pensions - deferred outflows of resources		22,087,862
Net OPEB liability		(114,217,603)
OPEB - deferred inflows of resources		(12,349,141)
OPEB - deferred outflows of resources		9,211,076
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(263,718,525)

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 reconciliations between *net changes in fund balances—total governmental funds* and *changes in net position 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 $22,567,528 difference are as follows:

Capital outlay	$	31,932,037
Depreciation expense		(9,364,509)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	22,567,528

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 (Continued)

Another element of that reconciliations states that "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." The details of this $10,194,609 difference are as follows:

Change in accrued interest	$	161,648
General obligation bonds principal payment		8,000,000
Amortization of premium on general obligation bonds		1,605,796
Capital leases additions		(792,528)
Capital leases principal payments		745,461
Change in compensated absences		(12,931)
Change in net pension liability and deferred inflows and outflows related to pension activity		(126,232)
Change in net OPEB liability and deferred inflows and outflows related to OPEB activity		(2,595,652)
Adjustment to record internal service funds current period activity		5,209,047
Net adjustment to increase *net change in fund balances - governmental funds* to arrive at *change in net position - governmental activities*	$	12,194,609

NOTE 3. CASH AND INVESTMENTS

Collateralization of Deposits

Official Code of Georgia Annotated (O.C.G.A.) §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance. O.C.G.A. §45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in the demand deposit checking accounts.

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,

3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Collateralization of Deposits (Continued)

At June 30, 2018, the carrying amount of the Board's deposits was $117,953,876 and the bank balances were $117,675,216. The bank balances were secured entirely by either federal depository insurance or collateralized with securities held by the pledging financial institution.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The School System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction the School System will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School System does not have a formal policy for managing custodial credit risk.

The School System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 4. RECEIVABLES

The Glynn County Tax Commissioner bills and collects property taxes for the Board of Education. 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 Glynn County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia.

Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Taxes are due and payable when billed by the Glynn County Tax Commissioner. Glynn County may place liens on property once the related tax payments become delinquent.

In the General Fund, significant components of intergovernmental receivables include $7,973,573 from the State of Georgia for Quality Basic Education (QBE) formula grants.

NOTE 4. RECEIVABLES (CONTINUED)

In the Capital Projects Fund, the intergovernmental receivables include $2,198,695 due from the State of Georgia for SPLOST revenue collected but not remitted at June 30, 2018.

Taxes receivable reported in General Fund represents 2017 and prior years' uncollected taxes. Property taxes which are not expected to be collected in time (30 days after year-end) to meet the "available" criteria in accordance with GASB Cod. Sec. 1600.103, are recorded as deferred inflows or resources. An evaluation of the allowance for uncollected taxes is made in relation to the expected collectability of the taxes. At June 30, 2018, the allowance was $1,312,380.

Grants and other receivables (reported in General and Nonmajor governmental funds) primarily represent funds due the Board for reimbursement of expenditures/expenses incurred as of year-end under grant terms.

Receivables at June 30, 2018, for the School System's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Other Governmental Funds	Total
Intergovernmental	$ 8,204,030	$ 2,198,695	$ 1,814,981	$ 12,217,706
Taxes	4,694,018	-	-	4,694,018
Accounts	255,523	-	143,640	399,163
	13,153,571	2,198,695	1,958,621	17,310,887
Less allowance for uncollectible	(1,312,380)	-	-	(1,312,380)
Net total receivable	$ 11,841,191	$ 2,198,695	$ 1,958,621	$ 15,998,507

Intergovernmental receivables consist of grant reimbursements due primarily from the Georgia Department of Education, sales taxes which are collected by the state on the School System's behalf, and property taxes collected by the Glynn County Tax Commissioner on the School System's behalf.

NOTE 5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2018, is as follows:

	Beginning June 30, 2017	Increases	Decreases	Transfers	Ending June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 5,368,205	$ -	$ (3,124)	$ -	$ 5,365,081
Construction in progress	35,595,537	26,247,315	(64,972)	(3,510,150)	58,267,730
Total capital assets, not being depreciated	40,963,742	26,247,315	(68,096)	(3,510,150)	63,632,811
Capital assets, being					
Buildings and improvements	251,855,030	-	(172,196)	-	251,682,834
Equipment	32,422,991	5,684,722	(8,187,651)	-	29,920,062
Land improvements	540,971	-	-	3,510,150	4,051,121
Total capital assets, being depreciated	284,818,992	5,684,722	(8,359,847)	3,510,150	285,654,017
Less accumulated depreciation for:					
Buildings and improvements	(79,934,285)	(7,036,989)	172,196	-	(86,799,078)
Equipment	(26,571,196)	(2,311,291)	8,187,651	-	(20,694,836)
Land improvements	(77,896)	(16,229)	-	-	(94,125)
Total accumulated depreciation	(106,583,377)	(9,364,509)	8,359,847	-	(107,588,039)
Total capital assets, being depreciated, net	178,235,615	(3,679,787)	-	3,510,150	178,065,978
Governmental activities capital assets, net	$ 219,199,357	$ 22,567,528	$ (68,096)	$ -	$ 241,698,789

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions/activities of the primary government as follows:

Governmental activities:	
Instruction	$ 8,082,813
Pupil services	1,684
Improvement of instructional services	1,279
Business support services	989
Maintenance and operations	110,401
Student transportation	975,216
Central support services	101,230
Food services operations	90,897
Total depreciation expense - governmental activities	$ 9,364,509

NOTE 6. LONG-TERM DEBT

The School System has entered into several capital lease agreements as lessee for financing the acquisition of buses and certain other equipment. Principal and interest payments under capital leases having remaining terms in excess of one year as of June 30, 2018, are as follows:

Year	Principal	Interest	Total
2019	$ 830,948	$ 16,812	$ 847,760
2020	281,786	28,157	309,943
2021	295,503	14,438	309,941
2022	81,470	119	81,589
Totals	$ 1,489,707	$ 59,526	$ 1,549,233

For the year ended June 30, 2018, depreciation expense recorded on leased assets was $520,887. At June 30, 2018, the net book value of assets under capital lease was as follows:

	Capital Assets Under Capital Leases
Equipment	$ 2,494,101
Less: accumulated depreciation	(1,266,150)
Total	$ 1,227,951

NOTE 6. LONG-TERM DEBT (CONTINUED)

In May 2016, the School System issued $43,600,000 in Series 2016 General Obligation Sales Tax Bonds to fund acquisition, construction, furnishing, remodeling, renovating, improving and equipping projects included in the School System's Educational Special Purpose Local Option Sales Tax (ESPLOST) projects. The following schedule summarizes the School System's long-term debt issue, including interest rate, original debt and balance at year-end.

	Interest Rates	Original Debt	Balance June 30, 2018
General Obligation Bonds:			
Sales Tax,Series 2016	5.00%	$ 43,600,000	$ 35,600,000

Requirements to Maturity – General Obligation Debt

Year	Principal	Interest
2019	$ 13,500,000	$ 1,442,500
2020	13,500,000	767,500
2021	4,300,000	322,500
2022	4,300,000	107,500
	$ 35,600,000	$ 2,640,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds:					
General obligation bonds	$ 43,600,000	$ -	$ (8,000,000)	$ 35,600,000	$ 13,500,000
Unamortized premium	3,761,253	-	(1,605,796)	2,155,457	-
bonds	47,361,253	-	(9,605,796)	37,755,457	13,500,000
Capital leases payable	1,442,640	792,528	(745,461)	1,489,707	830,948
Compensated absences	2,579,493	87,793	(74,862)	2,592,424	33,990
Net pension liability	132,766,756	18,819,566	(29,183,967)	122,402,355	-
Net OPEB liability	118,998,744	8,154,966	(12,936,107)	114,217,603	-
Total Governmental activities Long-term liabilities	$ 303,148,886	$ 27,854,853	$ (52,546,193)	$ 278,457,546	$ 14,364,938

Compensated absences, claims payable, the net pension liability and the net OPEB liability are typically liquidated with General Fund resources.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

	Due from		
Due to	General	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 1,530,011	$ 1,530,011
Capital Projects Fund	1,775,400	-	1,775,400
Nonmajor governmental funds	1,177,212	-	1,177,212
Internal service funds	5,148,980	3,948	5,152,928
	$ 8,101,592	1,533,959	$ 9,635,551

These balances represent loans between the borrower fund and the lender fund. 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 receivables and payables are reported in the fund financial statements. However, they are eliminated in the district-wide financial statements if the interfund loan is between governmental funds.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers To	Transfers From General Fund
Capital Projects	$ 4,733,000
Nonmajor Governmental	458,401
Internal service funds	4,816,812
Total	$ 10,008,213

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers of this type are recorded as other financing uses and other financing sources in the governmental funds financial statements. However, they are eliminated in the district-wide financial statements if the interfund transfer is within the governmental fund group.

NOTE 8. OPERATING LEASES

The Board has entered into an operating lease for copiers throughout the School System. Rental expenditures in 2018 amounted to $227,970.

NOTE 9. RESTRICTED ASSETS

Special Purpose Local Option Sales Tax (SPLOST) proceeds, general obligation bond proceeds, and Georgia State Financing and Investment Commission (GSFIC) funds are restricted assets in the Statement of Net Position because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2018, were $63,988,135.

NOTE 10. RETIREMENT PLANS

The Glynn County Board of Education participates in various retirement plans administered by the State of Georgia. There are three major retirement systems in which the School System participates: Teachers' Retirement System of Georgia ("TRS"), Employees' Retirement System of Georgia ("ERS"), and Public School Employees' Retirement System of Georgia ("PSERS"). These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System

Plan Description. All teachers of the School System as defined in §47-3-60 of the O.C.G.A. and certain other support personnel as defined by §47-3-63 are provided a pension through the TRS. TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees ("TRS Board"). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided. TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after ten years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2018.

The School System's contractually required contribution rate for the year ended June 30, 2018 was 16.81% of annual School System payroll. School System contributions to TRS were $12,674,685 for the year ended June 30, 2018.

Employees' Retirement System

Plan description. The ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Employees' Retirement System (Continued)

Benefits provided. The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan ("GSEPS"). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of ten years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions. Member contributions under the Old Plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The School System's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2018, was 24.69% of annual covered payroll for Old and New Plan members and 21.69% for GSEPS members. The School System's contributions to ERS totaled $62,570 for the year ended June 30, 2018. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System

Plan Description. PSERS is a cost sharing multiple employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers' Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost of living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions. The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the School System reported a liability of $122,402,355 for its proportionate share of the net pension liability for TRS ($121,968,686) and ERS ($433,669).

The TRS net pension liability reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School System were as follows:

School System's proportionate share of the net pension liability	$ 121,968,686
State of Georgia's proportionate share of the net pension liability associated with the School System	391,407
Total	$ 122,360,093

The net pension liability for TRS and ERS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017, was determined using standard roll-forward techniques. The School System’s proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2017.

At June 30, 2017, the School System’s TRS proportion was 0.656264%, which was an increase of 0.015133% from its proportion measured as of June 30, 2016. At June 30, 2017, the School System’s ERS proportion was 0.10678%, an increase of 0.000229% from its proportion measured at June 30, 2016.

At June 30, 2018, the School System did not have a PSERS liability for a proportionate share of the net pension liability because of a special funding situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State’s proportionate share of the net pension liability associated with the School System is $1,486,681.

The PSERS net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017, was determined using standard roll-forward techniques. The State’s proportion of the net pension liability associated with the School System was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2017.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the School System recognized pension expense of $12,814,009 for TRS, $49,478 for ERS and $299,624 for PSERS and revenue of $67,608 for TRS and $299,624 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2018, the School System reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources for TRS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,562,380	$ 460,297
Changes of assumptions	2,673,705	-
Net difference between projected and actual earnings on pension plan investments	-	839,349
Changes in proportion and differences between School School System contributions and proportionate share of contributions	2,102,380	2,168,380
School System contributions subsequent to the measurement date	12,674,685	-
Total	$ 22,013,150	$ 3,468,026

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2018, the School System reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources for ERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,752	$ 3
Changes of assumptions	987	-
Net difference between projected and actual earnings on pension plan investments	-	1,080
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,403	-
Employer contributions subsequent to the measurement date	62,570	-
Total	$ 74,712	$ 1,083

School System contributions subsequent to the measurement date of June 30, 2018, of $12,674,685 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for TRS:

Year ending June 30:	
2019	$ (1,321,297)
2020	6,212,620
2021	3,507,895
2022	(2,653,842)
2023	125,063

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School System contributions subsequent to the measurement date of June 30, 2018, of $62,570 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for ERS:

Year ending June 30:		
2019	$	(918)
2020		19,404
2021		4,868
2022		(12,295)

Actuarial assumptions. The total pension liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System

Inflation	2.75%
Salary increases	3.25 - 9.00% average, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Employees' Retirement System

Inflation	2.75%
Salary increase	3.25 - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward two years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back seven years for males and set forward three years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the School System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public School Employees' Retirement System

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.50%, net pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the School System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on TRS, ERS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	TRS Target Allocation	ERS/PSERS Target Allocation	Long-term expected real rate of return*
Fixed Income	30.00%	30.00%	-0.50%
Domestic large stocks	39.80%	37.20%	9.00%
Domestic mid stocks	3.70%	3.40%	12.00%
Domestic small stocks	1.50%	1.40%	13.50%
International developed market stocks	19.40%	17.80%	8.00%
International emerging market stocks	5.60%	5.20%	12.00%
Alternative	0.00%	5.00%	10.50%
Total	100.00%	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate. The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers' Retirement System:

Sensitivity of the School System's proportionate share of the net pension liability to changes in the discount rate. The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School School System's proportionate share of the net pension liability	$ 200,164,924	$ 121,968,686	$ 57,552,561

Employees' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School School System's proportionate share of the net pension liability	$ 612,103	$ 433,669	$ 281,460

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS, ERS and PSERS financial report which is publically available at www.trsga.com/publications and http://www.ers.ga.gov/formspubs/formspubs.html.

Aggregate Amounts

Aggregate amounts for all pension plans are as follows:

	TRS	ERS	PSERS	Total
Net pension liability	$ 121,968,686	$ 433,669	$ -	$ 122,402,355
Deferred outflows	-	74,712	-	74,712
Deferred inflows	-	1,083	-	1,083
Pension expense	12,814,009	49,478	1,486,681	14,350,168

NOTE 10. RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Section 403-B Tax Qualified Retirement Plan

The Board makes available an IRS section 403-b tax qualified retirement plan for its classified employees. Participation is voluntary. During 2018, employee contributions amounted to $620,051.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The School System participates in the State of Georgia School Employees' Post-employment Benefit Fund (the "School OPEB Fund") which is another post-employment benefit ("OPEB") plan administered by the State of Georgia Department of Community Health ("DCH"). Certified teachers and non-certified public school employees of the School System as defined in §20-2-875 of the O.C.G.A. are provided OPEB through the School OPEB Fund – a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the "Board"). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided. The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of Board of Education, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from ERS, Georgia Judicial Retirement System ("JRS"), Legislative Retirement System ("LRS"), TRS or PSERS. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement ("HRA"), Health Maintenance Organization ("HMO") and a High Deductible Health Plan ("HDHP"). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions. As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School System were $4,270,551 for the year ended June 30, 2018. Active employees are not required to contribute to the School OPEB Fund.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School System reported a liability of $114,217,603 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017, was determined using standard roll-forward techniques. The School System's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the School System's proportion was 0.812939%, which was an increase of 0.009994% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School System recognized OPEB expense of $6,866,203. At June 30, 2018, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in assumptions	$ -	$ 8,697,379
Net difference between projected and actual earnings on pension plan investments	33,407	-
Changes in proportion and differences between School School System contributions and proportionate share of contributions	4,907,118	3,651,762
School School System contributions subsequent to the measurement date	4,270,551	-
Total	$ 9,211,076	$ 12,349,141

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

School System contributions subsequent to the measurement date of $4,270,551 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	OPEB
2019	$ (1,330,142)
2020	(1,330,142)
2021	(1,330,142)
2022	(1,330,142)
2023	(1,338,494)
2024	(749,554)

Actuarial assumptions. The total OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

OPEB:

Inflation	2.75%
Salary increases	
ERS	3.25% – 7.00%, average, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 – 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years or both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back seven years for males and set forward three years for females is used for the period after disability retirement.

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward one year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.

- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ended June 30, 2014.

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

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions (Continued)

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public School Systems, libraries, regional educational service agencies and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Local government investment pool	100%	3.88%

Discount rate. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.56% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2029. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions (Continued)

Sensitivity of the School System's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the School System's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the School System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
School System's proportionate share of the OPEB liablity	$ 135,612,943	$ 114,217,603	$ 97,332,345

Sensitivity of the School System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the School System's proportionate share of the net OPEB liability, as well as what the School System's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School System's proportionate share of the OPEB liablity	$ 94,673,380	$ 114,217,603	$ 139,664,150

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR) which is publicly available at https://sao.georgia.gov/comprehensive-annual-financial-reports.

NOTE 12. RISK MANAGEMENT

The School System is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, natural disasters and unemployment compensation. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Self-Insurance

The School System is self-insured for the risks associated with unemployment compensation and workers compensation. The School System has established a separate fund for accounting for workers compensation risk financing. A contribution to the fund is calculated on the basis of 1.25% of each salary dollar. Liabilities of this fund are reported when it is probable a loss has occurred and the amounts can be reasonably estimated including amounts for claims incurred but not yet reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims up to statutory limits.

Changes in the balances of claims liabilities for the workers' compensation fund during the last three fiscal years were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Current Year Liability	Claim Payments	Balance at Fiscal Year-End
2018	**$ 1,151,189**	**$ 879,620**	**$ 768,430**	**$ 1,262,379**
2017	1,061,662	1,314,350	1,224,823	1,151,189
2016	1,144,161	1,034,950	1,117,449	1,061,662

The fiscal year-end liability is calculated by a third party administrator considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs as previously described.

NOTE 12. RISK MANAGEMENT (CONTINUED)

Self-Insurance (Continued)

The School System has also established a separate fund for account for unemployment claims. Changes in the balances of claims liabilities for the unemployment fund during the last three fiscal years were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Current Year Liability	Claim Payments	Balance at Fiscal Year-End
2018	**$ 3,901**	**$ 8,842**	**$ (11,810)**	**$ 933**
2017	8,792	-	4,891	3,901
2016	4,820	3,972	-	8,792

Risk Transfer

The School System transfers the risk from all other risks through the use of commercially purchased insurance.

NOTE 13. ON-BEHALF OF PAYMENTS

The School System has recognized revenues and expenditures in the amount of $325,344 for retirement contributions paid on the Board's behalf by the following: Teachers' Retirement System ($54,362) and Public School Employees' Retirement System ($270,982).

NOTE 14. COMMITMENTS AND CONTINGENCIES

In addition to the liabilities enumerated in the balance, at June 30, 2018, the School System has contractual commitments on uncompleted contracts of approximately $18,804,896.

The School System 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 School System's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School System.

The School System 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 School System has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the School System, 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 financial statements for such contingencies.

NOTE 15. RESTATEMENTS

New Accounting Principle

In fiscal year 2018, the School System adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions.* The provisions of this statement establish accounting and financial reporting standards for post-employment benefits for retired employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement required the School System to record a liability for its proportionate share of the Net OPEB liability of the School OPEB Fund. A restatement to the July 1, 2017 beginning net positon was required for the governmental activities to recognize this change in accounting principle.

Correction of Errors

The School System has determined a restatement is necessary to reflect the beginning balance of workers' compensation payable, which omitted the incurred but not reported (IBNR) estimate in the prior year. A restatement to the July 1, 2017 beginning net position for the governmental activities and the Workers' Compensation Fund was made to correct the accounting error.

Additionally, a restatement is necessary to reflect the beginning balance of intergovernmental receivables, as a result of QBE receivables being understated in the prior year. A restatement to the July 1, 2017 beginning net position for the governmental activities and to the July 1, 2017 beginning fund balance for the General Fund was made to correct the accounting error.

The resulting adjustments as of June 30, 2017, are as follows:

Net Position, Governmental Activities, as previously reported	$	180,120,699
Deferred outflows, contributions subsequent to the measurement date		4,238,728
Proportionate share of the Net School OPEB liability		(118,998,744)
Adjustment to record IBNR		(218,749)
Adjustment to restate QBE receivable		2,816,812
Net Position, Governmental Activities,as restated	$	67,958,746
Net Position, Workers' Compensation Fund, as previously reported	$	4,009,274
Adjustment to record IBNR		(218,749)
Net Position, Workers' Compensation Fund, as restated	$	3,790,525
Fund Balance, General Fund, as previously reported	$	25,146,175
Adjustment to restate QBE receivable		2,816,812
Fund Balance, General Fund, as restated	$	27,962,987

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
School System's proportion of the net pension liability	**0.656264%**	0.641131%	0.648971%	0.659795%
School System's proportionate share of the net pension liability	**$ 121,968,686**	$ 132,272,474	$ 98,799,390	$ 83,123,178
State of Georgia's proportionate share of the net pension liability associated with the	**391,407**	276,251	205,220	173,839
Total	**$ 122,360,093**	$ 132,548,725	$ 99,004,610	$ 83,297,017
School System's covered payroll	**$ 75,644,038**	$ 70,273,413	$ 68,430,702	$ 67,400,262
School System's proportionate share of the net pension liability as a percentage of its covered payroll	**161.24%**	188.225%	144.379%	123.328%
Plan fiduciary net position as a percentage of the total pension liability	**79.33%**	81.44%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually required contributions	**$ 12,674,685**	$ 10,737,013	$ 9,939,621	$ 8,931,282
Contributions in relation to the contractually required contribution	**12,674,685**	10,737,013	9,939,621	8,931,282
Contribution deficiency (excess)	**-**	-	-	-
School System's covered payroll	**$ 75,399,673**	$ 75,644,038	$ 70,273,413	$ 68,430,702
Contributions as a percentage of covered payroll	**16.81%**	14.19%	14.14%	13.05%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2018

Changes of assumptions

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
School System's proportion of the net pension liability	**0.00%**	0.00%	0.00%	0.00%
School System's proportionate share of the net pension liability	**-**	-	-	-
State of Georgia's proportionate share of the net position liability associated with the School System	**$ 1,486,681**	$ 1,914,043	$ 1,203,279	$ 1,093,295
Total	**$ 1,486,681**	$ 1,914,043	$ 1,203,279	$ 1,093,295
School System's covered payroll	**$ 4,853,333**	$ 4,782,479	$ 4,732,927	$ 4,625,915
School System's proportionate share of the net pension liability as a percentage of its covered payroll	**N/A**	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	**81.00%**	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

Changes of assumptions

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females).

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
School System's proportion of the net pension liability	**0.010678%**	0.010449%	0.010369%	0.010449%
School System's proportionate share of the net pension liability	**$ 433,669**	$ 494,282	$ 420,089	$ 387,176
School System's covered payroll	**$ 261,899**	$ 251,565	$ 237,065	$ 232,440
School System's proportionate share of the net pension liability as a percentage	**165.59%**	196.483%	177.204%	166.570%
Plan fiduciary net position as a percentage of the total pension liability	**76.33%**	72.34%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually required contributions	**$ 62,570**	$ 65,442	$ 63,051	$ 52,059
Contributions in relation to the contractually required contribution	**62,570**	65,442	63,051	52,059
Contribution deficiency (excess)	**-**	-	-	-
School System's covered payroll	**$ 253,422**	$ 261,899	$ 251,565	$ 237,065
Contributions as a percentage of covered payroll	**24.69%**	24.99%	25.06%	21.96%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

Changes of assumptions

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30, 2018

	2018
School System's proportion of the net OPEB liability	**0.812939%**
School System's proportionate share of the net OPEB liability	**$ 114,217,603**
School System's covered-employee payroll	**$ 67,176,556**
School System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**170.03%**
Plan fiduciary net position as a percentage of the total pension liability	**1.61%**

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Contractually required contributions	**$ 4,270,551**	$ 4,238,728
Contributions in relation to the contractually required contribution	**4,270,551**	4,238,728
Contribution deficiency (excess)	**-**	-
School System's covered-employee payroll	**$ 65,600,330**	$ 67,176,556
Contributions as a percentage of covered-employee payroll	**6.51%**	6.31%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GLYNN COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30, 2018

Changes of benefit terms

In June 30, 2010 valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions

In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

Combining and Individual Fund Statements and Schedules

Glynn County
Board of Education

GLYNN COUNTY BOARD OF EDUCATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Special Programs Fund** is used to account for the activities of various other programs funded by local, state and federal funds used for distinct program objectives.

The **Title I Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System to provide remedial education in various area with a focus on disadvantaged students.

The **Title II Fund** is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of training teachers in math, science, foreign language, and computer science programs.

The **Special Education Fund** is used to account for federal funds in connection with the Individuals with Disabilities Education Act that are passed through the State of Georgia Department of Education to the School System for the purpose of providing special education programs for children in pre-kindergarten through 12th grade.

The **Pre-Kindergarten Fund** is used to account for state grant funds flowing through the State of Georgia Department of Education for various programs for pre-kindergarten students as established by the state.

The **Athletics Fund** is used to account for athletic events held on behalf of the School System. Revenues consist primarily of ticket and concession sales.

The **School Food Service** is used to account for the School System's food service operations.

GLYNN COUNTY BOARD OF EDUCATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
ASSETS	**Special Programs**	**Title I**	**Title II**	**Special Education**
Cash and investments	$ 1,056,393	$ -	$ -	$ -
Accounts receivable	143,640	-	-	-
Intergovernmental receivable	82,861	871,411	131,112	566,560
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	$ 1,282,894	$ 871,411	$ 131,112	$ 566,560
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 387,038	$ -	$ 19,966	$ 3,856
Accrued payroll and payroll withholdings	7,032	608,121	52,476	380,343
Due to other funds	913	263,290	58,670	182,361
Total liabilities	394,983	871,411	131,112	566,560
FUND BALANCES				
Nonspendable:				
Inventory	-	-	-	-
Restricted:				
Grant programs	-	-	-	-
Assigned:				
Student activity accounts	872,713	-	-	-
Historic Glynn Academy	15,198	-	-	-
Athletic programs	-	-	-	-
Total fund balances	887,911	-	-	-
Total liabilities and fund balances	$ 1,282,894	$ 871,411	$ 131,112	$ 566,560

Pre-Kindergarten	Athletics	School Food Service	Total Nonmajor Governmental Funds
$ 442,693	$ 310,732	$ 2,807,657	$ 4,617,475
-	-	-	143,640
-	-	163,037	1,814,981
-	2,501	1,174,711	1,177,212
-	-	138,336	138,336
$ 442,693	$ 313,233	$ 4,283,741	$ 7,891,644
$ 2,195	$ 27,263	$ 83,774	$ 524,092
440,498	-	432,148	1,920,618
-	206	1,028,519	1,533,959
442,693	27,469	1,544,441	3,978,669
-	-	138,336	138,336
-	-	2,600,964	2,600,964
-	-	-	872,713
-	-	-	15,198
-	285,764	-	285,764
-	285,764	2,739,300	3,912,975
$ 442,693	$ 313,233	$ 4,283,741	$ 7,891,644

GLYNN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Special Programs	Title I	Title II	Special Education
REVENUES				
Local sources	$ 2,208,644	$ -	$ -	$ -
State sources	-	-	-	-
Federal sources	328,994	3,866,747	602,001	2,406,128
Interest earned on investments	-	-	-	-
Total revenues	2,537,638	3,866,747	602,001	2,406,128
EXPENDITURES				
Current:				
Instruction	2,191,791	2,959,076	-	1,542,011
Pupil services	71,388	445,919	-	52,773
Improvement of instructional services	107,295	461,752	568,795	798,436
General administration	-	-	22,200	1,258
School administration	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation	-	-	-	14,039
Central support services	-	-	11,081	-
Food service operations	-	-	-	-
Total expenditures	2,370,474	3,866,747	602,076	2,408,517
Excess (deficiency) of revenues over (under) expenditures	167,164	-	(75)	(2,389)
OTHER FINANCING SOURCES				
Transfers in	1,827	-	75	2,389
Total other financing sources	1,827	-	75	2,389
Net change in fund balances	168,991	-	-	-
FUND BALANCES, beginning of year	718,920	-	-	-
FUND BALANCES, end of year	$ 887,911	$ -	$ -	$ -

Pre-Kindergarten	Athletics	School Food Service	Total Nonmajor Governmental Funds
$ -	$ 469,067	$ 874,108	$ 3,551,819
2,241,010	-	202,536	2,443,546
-	-	6,600,676	13,804,546
-	122	-	122
2,241,010	469,189	7,677,320	19,800,033
2,464,555	457,313	-	9,614,746
1,879	22,423	-	594,382
9,102	5,761	-	1,951,141
-	254	-	23,712
178,633	-	-	178,633
35,205	12,499	46,486	94,190
-	-	-	14,039
-	-	-	11,081
-	-	7,858,751	7,858,751
2,689,374	498,250	7,905,237	20,340,675
(448,364)	(29,061)	(227,917)	(540,642)
448,364	5,746	-	458,401
448,364	5,746	-	458,401
-	(23,315)	(227,917)	(82,241)
-	309,079	2,967,217	3,995,216
$ -	$ 285,764	$ 2,739,300	$ 3,912,975

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Programs		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Local sources	$ 568,600	$ 2,208,644	$ 1,640,044
State sources	-	-	-
Federal sources	825,500	328,994	(496,506)
Interest earned on investments	-	-	-
Total revenues	1,394,100	2,537,638	1,143,538
EXPENDITURES			
Current:			
Instruction	1,167,300	2,191,791	(1,024,491)
Pupil services	91,500	71,388	20,112
Improvement of instructional services	136,800	107,295	29,505
School administration	400	-	400
Central support services	-	-	-
Total expenditures	1,396,000	2,370,474	(974,474)
Excess (deficiency) of revenues over (under) expenditures	(1,900)	167,164	169,064
OTHER FINANCING SOURCES			
Transfers in	1,900	1,827	(73)
Total other financing sources	1,900	1,827	(73)
Net change in fund balances	-	168,991	168,991
FUND BALANCES, beginning of year	718,920	718,920	-
FUND BALANCES, end of year	$ 718,920	$ 887,911	$ 168,991

Title I			Title II		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
4,131,100	3,866,747	(264,353)	827,500	602,001	(225,499)
-	-	-	-	-	-
4,131,100	3,866,747	(264,353)	827,500	602,001	(225,499)
3,139,500	2,959,076	180,424	-	-	-
491,700	445,919	45,781	-	-	-
499,900	461,752	38,148	769,000	568,795	200,205
-	-	-	-	-	-
-	-	-	15,500	11,081	4,419
4,131,100	3,866,747	264,353	827,600	602,076	225,524
-	-	-	(100)	(75)	25
-	-	-	100	75	(25)
-	-	-	100	75	(25)
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Education		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Local sources	$ -	$ -	$ -
State sources	-	-	-
Federal sources	2,647,400	2,406,128	(241,272)
Interest earned on investments	-	-	-
Total revenues	2,647,400	2,406,128	(241,272)
EXPENDITURES			
Current:			
Instruction	1,767,800	1,542,011	225,789
Pupil services	53,000	52,773	227
Improvement of instructional services	813,000	798,436	14,564
General administration	1,600	1,258	342
School administration	-	-	-
Business services	-	-	-
Maintenance and operations	-	-	-
Student transportation	14,300	14,039	261
Total expenditures	2,649,700	2,408,517	241,183
Excess (deficiency) of revenues over (under) expenditures	(2,300)	(2,389)	(89)
OTHER FINANCING SOURCES			
Transfers in	2,300	2,389	89
Total other financing sources	2,300	2,389	89
Net change in fund balances	-	-	-
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -

Pre-Kindergarten			Athletics		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 280,900	$ 469,067	$ 188,167
2,280,900	2,241,010	(39,890)	-	-	-
-	-	-	-	-	-
-	-	-	1,200	122	(1,078)
2,280,900	2,241,010	(39,890)	282,100	469,189	187,089
2,498,600	2,464,555	34,045	236,200	457,313	(221,113)
2,600	1,879	721	17,700	22,423	(4,723)
10,200	9,102	1,098	4,200	5,761	(1,561)
-	-	-	-	254	(254)
180,500	178,633	1,867	-	-	-
-	-	-	-	-	-
37,400	35,205	2,195	7,100	12,499	(5,399)
-	-	-	-	-	-
2,729,300	2,689,374	39,926	265,200	498,250	(233,050)
(448,400)	(448,364)	36	16,900	(29,061)	(45,961)
448,400	448,364	(36)	5,800	5,746	(54)
448,400	448,364	(36)	5,800	5,746	(54)
-	-	-	22,700	(23,315)	(46,015)
-	-	-	309,079	309,079	-
$ -	$ -	$ -	$ 331,779	$ 285,764	$ (46,015)

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	School Food Service		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Local sources	$ 1,159,900	$ 874,108	$ (285,792)
State sources	156,000	202,536	46,536
Federal sources	6,235,000	6,600,676	365,676
Interest earned on investments	-	-	-
Total revenues	7,550,900	7,677,320	126,420
EXPENDITURES			
Current:			
Instruction	-	-	-
Pupil services	-	-	-
Improvement of instructional services	-	-	-
Educational media services	-	-	-
General administration	-	-	-
Maintenance and operations	60,000	46,486	13,514
Student transportation	-	-	-
Central support services	-	-	-
Food service operations	7,490,900	7,858,751	(367,851)
Total expenditures	7,550,900	7,905,237	(354,337)
Excess (deficiency) of revenues over (under) expenditures	-	(227,917)	(227,917)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	-	(227,917)	(227,917)
FUND BALANCES, beginning of year	2,967,217	2,967,217	-
FUND BALANCES, end of year	$ 2,967,217	$ 2,739,300	$ (227,917)

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED SPECIAL PURPOSE LOCAL OPTION SALES TAX PROJECTS

YEAR ENDED JUNE 30, 2018

PROJECT DESCRIPTION	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	EXPENDED IN CURRENT YEAR (3)	EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COSTS NOT EXPENDED	ESTIMATED COMPLETION DATE
For the following capital outlay projects:							
New Southwest Middle School (Risley Middle School)	$ 22,000,000	$ 21,416,160	$ -	$ 21,416,160	$ 21,416,160		Completed
New Brunswick High School, including necessary demolition, renovation and upgrades to existing facilities and associated site and field work	52,000,000	59,049,881	2,555	59,047,326	59,049,881	-	Completed
Renovations and additions to Risley Early College Academy (formerly Risley Middle School)	-	-	-				
Renovations and additions to Glynn Academy	23,940,281	30,963,956	3,884,297	21,162,860	25,047,157	5,916,799	To Be Determined
New fine arts center to be known as the Coastal Community Center for the Arts	19,483,106	-	-				
Renovations to the Historic Risley Center	-	-	-	-	-	-	
Renovations to:			-				
Altama Elementary	-	-	-				
Burroughs-Molette Elementary	-	-	-				
New elementary school			-				
Demolition at:							
Perry Building	-	186,692	-	186,692	186,692	-	Completed
Former Glynn Middle School	-	399,585	-	399,585	399,585	-	Completed
Other real and personal property for the School System, including any necessary demolition, site improvements, renovations, and improvements to facilities, land acquisition, technology upgrades, computers and related technology including fiber and software, telephone and communication equipment, computerized energy management systems, heating and air conditioning systems, lighting, and similar property and equipment in accordance with its facilities plans, as the same may be revised in accordance with the needs of the School District.	-	4,664,062	205,614	752,969	958,583	3,705,479	To Be Determined
Glynn Academy 9th Grade Center (Design Only)	-	-	-	-	-	-	
Paying capitalized interest on General Obligation Bonds	5,144,836	6,689,158	-	6,689,158	6,689,158	-	Completed
GUDE Management Group	1,311,000	1,341,000	-	1,341,000	1,341,000	-	Completed
Totals	$ 123,879,223	$ 124,710,494	$ 4,092,466	$ 110,995,750	$ 115,088,216	$ 9,622,278	

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED SPECIAL PURPOSE LOCAL OPTION SALES TAX PROJECTS

YEAR ENDED JUNE 30, 2018

PROJECT DESCRIPTION	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	EXPENDED IN CURRENT YEAR (3)	EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COSTS NOT EXPENDED	ESTIMATED COMPLETION DATE
Acquiring, constructing, and equiping the following capital outlay projects:							
New:							
Burroughs-Molette Elementary School	$ 23,000,000	$ 28,517,866	$ 13,412,442	$ 2,528,358	$ 15,940,800	$ 12,577,066	To Be Determined
Altama Elementary School	24,250,000	24,250,000	81,880	10,801	92,681	24,157,319	To Be Determined
Coastal Community Center for the Arts	20,000,000	20,000,000	-	-	-	20,000,000	To Be Determined
Elementary School #11	25,000,000	-					
Renovations and Improvements to:							
Glynn Academy including Athletic Facilities	19,000,000	22,508,681	3,358,682	6,171,818	9,530,500	12,978,181	To Be Determined
Brunswick High Athletic Facilities	4,000,000	4,978,160	3,239,254	1,330,157	4,569,411	408,749	To Be Determined
The Glynn County Stadium	4,250,000			-	-	-	To Be Determined
Needwood Middle Baseball Field and Weight Room	500,000	1,403,764	1,091,526	-	1,091,526	312,238	To Be Determined
Other real and personal property for the School System, including any necessary demolition, site improvements, renovations, and improvements to facilities, land acquisition, technology upgrades, computers, and related technology including fiber and software, telephone and communication equipment, computerized energy management systems, heating and air conditioning systems, lighting, and similar property and equipment in accordance with its facilities plans.	10,000,000	3,842,060	745,869	104,109	849,978	2,992,082	To Be Determined
GUDE Management Group	-	1,125,000	225,000	420,000	645,000	480,000	To Be Determined
Paying Capitalized Principal and Interest on General Obligation Bonds	-	49,709,667	9,980,000	1,489,667	11,469,667	38,240,000	To Be Determined
	$ 130,000,000	$ 156,335,198	$ 32,134,653	$ 12,054,910	$ 44,189,563	$ 112,145,635	

$ 36,227,119	**FY 2018 SPLOST expenditures**
4,595,930	**Expenditures not related to the SPLOST**
$ 40,823,049	**Total Capital Projects Fund Expenditures as of 6/30/2018**

(1) The School District's original cost estimate as specified in the resolution calling purposes (the "Educational Sales Tax").

(2) The School District's current estimate of total costs for the project(s). Includes all costs from project inception to completion.

(3) The voters of Glynn County approved the imposition of a one percent sales and use tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or funds over the life of the projects.

GLYNN COUNTY BOARD OF EDUCATION

INTERNAL SERVICE FUNDS

The **Unemployment Compensation Fund** is used to account for the provisions of unemployment benefits for former employees of the School System

The **Workers Compensation Fund** is used to account for the self-insured workers compensation activity of the School System.

GLYNN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Governmental-type Activities - Internal Service Funds		
ASSETS	**Unemployment Compensation Fund**	**Workers Compensation Fund**	**Total**
Cash and cash equivalents	$ 1,583,238	$ 5,014,263	$ 6,597,501
Due from other funds	-	5,152,928	5,152,928
Prepaid items	-	103,602	103,602
Total assets	1,583,238	10,270,793	11,854,031
LIABILITIES			
Claims payable due within one year	933	540,000	540,933
Claims payable due in more than one year	-	722,379	722,379
Total liabilities	933	1,262,379	1,263,312
NET POSITION			
Unrestricted	1,582,305	9,008,414	10,590,719
Total net position	$ 1,582,305	$ 9,008,414	$ 10,590,719

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

GLYNN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental-type Activities - Internal Service Funds		
	Unemployment Compensation Fund	Workers Compensation Fund	Total
OPERATING REVENUES			
Risk management fees	$ -	$ 1,279,944	$ 1,279,944
Total operating revenues	-	1,279,944	1,279,944
OPERATING EXPENSES			
Risk management	8,842	879,620	888,462
Total operating expenses	8,842	879,620	888,462
Operating income (loss)	(8,842)	400,324	391,482
NON-OPERATING REVENUES			
Investment income	-	753	753
Total non-operating revenues	-	753	753
Net income (loss) before transfers	(8,842)	401,077	392,235
TRANSFERS	-	4,816,812	4,816,812
Change in net position	(8,842)	5,217,889	5,209,047
NET POSITION, beginning of year, as restated	1,591,147	3,790,525	5,381,672
NET POSITION, end of year	$ 1,582,305	$ 9,008,414	$ 10,590,719

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

GLYNN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental-type Activities - Internal Service Funds		
	Unemployment Compensation Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from local sources	$ -	$ (3,552,785)	$ (3,552,785)
Payments to suppliers	(11,810)	(872,032)	(883,842)
Net cash used in operating activities	(11,810)	(4,424,817)	(4,436,627)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	4,816,812	4,816,812
Net cash provided by noncapital financing	-	4,816,812	4,816,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	753	753
Net cash provided by investing activities	-	753	753
Net increase (decrease) in cash and cash equivalents	(11,810)	392,748	380,938
Cash and cash equivalents, beginning of year	1,595,048	4,621,515	6,216,563
Cash and cash equivalents, end of year	$ 1,583,238	$ 5,014,263	$ 6,597,501

GLYNN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental-type Activities - Internal Service Funds		
	Unemployment Compensation Fund	Workers Compensation Fund	Totals
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	$ (8,842)	$ 400,324	$ 391,482
Adjustments to reconcile operating (income) loss to net cash provided by (used in) operating activities			
Decrease in accounts receivable	-	1,112	1,112
(Increase) in due from other funds	-	(4,833,841)	(4,833,841)
(Increase) in prepaid items	-	(103,602)	(103,602)
Increase (decrease) in claims payable	(2,968)	111,190	108,222
Net cash used in operating activities	$ (11,810)	$ (4,424,817)	$ (4,436,627)

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

GLYNN COUNTY BOARD OF EDUCATION

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
STUDENT ACTIVITY FUND				
ASSETS				
Cash and investments	$ 411,529	$ 1,262,696	$ 1,206,807	$ 467,418
LIABILITIES				
Due to student groups	$ 411,529	$ 1,262,696	$ 1,206,807	$ 467,418

Continuing Disclosure Section

Glynn County
Board of Education

Historical Educational Sales Tax Data. The prior special one percent sales and use tax for educational purposes first began being collected in Glynn County on January 1, 2011, and ended on December 31, 2015, as approved by the majority of the voters of Glynn County voting in an election held for such purposes on November 3, 2009.

Set forth below is the total amount of the sales and use tax for educational purposes distributed by the Collection Agent to the School District as of December 31 in the years 2012 through 2017.

Year	Amount[1]	Percentage Change
2012	$18,779,573.49	–
2013	18,563,382.00	(1.15)
2014	19,411,835.00	4.57
2015	20,165,601.00	3.88
2016	19,990,797.00	(0.87)
2017	20,676,787.00	3.43

[1] Net of deduction allowed to dealers and net of commission allowed to the Revenue Commissioner.

Source: State of Georgia Department of Revenue.

The historical sales tax data presented above should not be considered to represent future results that may be obtained by the School District from collections of the Educational Sales Tax. Although the Board of Education believes that future financial results will be comparable to, or exceed, those set forth above, certain of the assumptions upon which it presently is relying may not materialize, and unanticipated events and circumstances, such as a recession, may occur that may adversely affect such results.

Enrollment

Set forth below is information concerning enrollment in the School District over the past five school years:

School Year[1]	(PK)	(K)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total
2013-2014	546	1,091	1,047	976	974	993	970	925	944	956	1,151	847	744	654	12,818
2014-2015	531	1,078	1,102	1,031	1,002	980	1,000	988	935	964	1,198	923	782	654	13,168
2015-2016	524	1,097	1,073	1,038	1,073	996	963	1,000	1,005	950	1,188	1,030	814	623	13,374
2016-2017	510	1,048	1,050	1,043	1,050	1,031	982	966	996	1,007	1,208	950	860	675	13,376
2017-2018	524	1,002	997	1,014	1,042	1,033	1018	986	968	1,008	1,209	908	802	764	13,275

[1] Enrollment numbers based on information obtained from the October FTE for each respective school year.

(PK) = Preschool; (K) = Kindergarten. Special education students are mainstreamed throughout K – 12th grades.

Employees, Employee Relations, and Labor Organizations

The School District had approximately 1,937 employees as of June 30, 2018, in the following categories:

Classroom teachers	926
Administrators and Supervisors	69
Librarians, Counselors, Specialists and Social Workers	91
Aides, Nurse and Clerical Personnel	381
Transportation, Maintenance and Security Personnel	213
Food Service Personnel and Custodians	232
Other	25
Total	1,937

There are currently approximately 926 certified personnel serving 13,275 students in the various schools. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotionally disturbed, physically handicapped, mentally retarded, hospital/homebound, and gifted children. The 2017-2018 pupil-classroom teacher ratio for all schools is 14:1; this does not include non-teaching personnel such as counselors and librarians.

Debt Limitation

State Law. Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the School District may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the School District voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the School District may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the School District. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the table below, based upon assessed values as of January 1, 2017, the School District could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately $392,327,966 of long-term obligations payable out of general property taxes.

Computation of Legal Debt Margin

Gross Tax Digest for the School District as of January 1, 2017	$ 5,518,684,370
Less M&O Exemptions[1]	(1,159,404,714)
Net M&O Tax Digest	4,359,279,656
Debt Limit (10% of Net M&O Tax Digest)	435,927,966
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit	(43,600,000)
Legal Debt Margin	$ 392,327,966

[1] Based on M&O exemptions. Actual bond exemptions are not available because in past years it has not been necessary for the School District to levy a tax for general obligation debt; debt service on outstanding debt has been paid by the Educational Sales Tax. It is not expected that the amount of bond exemptions would be materially higher than the amount of M&O exemptions.

Source: State of Georgia Department of Revenue.

GLYNN COUNTY BOARD OF EDUCATION

Bond Issue Continuing Disclosure Information

O.C.G.A. § 20-2-506(a)(4) provides that lease and installment purchase contracts subject to annual appropriation must contain provisions limiting the total combined annual payments for such contracts and intergovernmental contracts in any calendar year to an amount equal to 7.5% of the total local revenue collected for M&O of the School District in the most recently completed fiscal year. Seven and a half percent (7.5%) of the total local revenue collected for maintenance and operation of the School District in fiscal year 2016 was $4,935,275 ($65,803,673 x 7.5%) and the School District's total combined annual payments for lease and installment purchase contracts and intergovernmental contracts in calendar year 2017 is $1,485,622.

M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the School District for the past five calendar years.

	2013	2014	2015	2016	2017
ASSESSED VALUES[1]:					
Residential	$ 3,209,867,242	$ 3,272,557,390	$ 3,374,181,685	$ 3,520,932,714	$ 3,761,725,073
Historical	-	-	-	-	18,000
Agricultural	4,526,597	4,244,069	4,120,733	2,165,493	2,337,085
Preferential	-	-	-	-	-
Conservation	22,938,868	24,140,708	23,834,028	21,691,708	21,738,068
Brownfield Property	1,629,880	1,629,880	1,645,440	1,693,000	1,693,000
Forest Land Cons Use	9,279,621	10,783,267	11,511,240	15,392,400	14,698,520
Commercial	703,445,472	735,501,252	715,258,465	763,815,555	794,935,788
Industrial	591,845,869	581,424,251	701,097,380	904,810,365	713,978,238
Utility[2]	101,711,388	108,165,311	106,444,594	107,644,765	109,726,824
Motor Vehicles[3]	216,542,020	195,648,840	140,487,920	100,248,240	75,443,820
Mobile Home[4]	10,380,851	10,708,028	10,610,388	10,842,189	10,661,469
Timber 100%	5,506,043	5,825,579	7,447,357	11,587,710	11,728,385
Heavy Equipment	-	-	500	1,500	100
Gross Tax Digest	4,877,673,851	4,950,628,575	5,096,639,730	5,460,825,639	5,518,684,370
Less M&O Exemptions	(882,989,070)	(898,304,839)	(1,048,338,031)	(1,289,077,943)	(1,159,404,714)
Net M&O Tax Digest[5]	$ 3,994,684,781	$ 4,052,323,736	$ 4,048,301,699	$ 4,171,747,696	$ 4,359,279,656
Estimated Actual Value:	$ 12,185,925,563	$ 12,367,833,069	$ 12,730,428,290	$ 13,634,682,532	$ 13,779,118,348

[1] The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of timber, which is assessed at 100%.

[2] The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the County. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the County which bills these taxes to the utilities with the amount of tax for each.

[3] The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia assesses the value of motor vehicles at the percentage of fair market value used by the County.

[4] The State of Georgia assesses the value of mobile homes at the percentage of fair market value used by the County.

[5] Total assessed value, after deducting exemptions, for purposes of levying tax for the School District's general obligation bonds.

Source: State of Georgia Department of Revenue, Property Tax Division

GLYNN COUNTY BOARD OF EDUCATION

Bond Issue Continuing Disclosure Information

Largest Taxpayers

Set forth below is information concerning the largest taxpayers in the School District in calendar year 2017.

Taxpayer	Type of Business	2017 Assessed Value for the School District	Assessed Value as a Percent of 2017 Gross Assessed Values [1]	2017 Taxes Levied for the School Disdtrict
Brunswick Cellulose Inc.	Manufacturing	$ 156,924,907	44.56%	2,535,435.72
Georgia Power Company	Public Utility	72,435,513	20.57%	1,170,340.58
Sea Island Acquisition	Resort/Real Estate	47,667,237	13.54%	770,159.55
Mercedes-Benz USA	Imports	21,390,438	6.07%	345,605.31
King & Prince Seafood	Manuf./Seafood	13,734,738	3.90%	221,912.16
Exclusive Resorts	Real Estate	16,255,800	4.62%	262,644.96
Gulfstream Aerospace		9,138,090	2.59%	147,644.12
GP Mall LLC	Retail	6,101,644	1.73%	98,584.26
GA Pacific Wood Products	Manufacturing	3,974,483	1.13%	64,215.72
NV LNWA JIC Hotel		4,530,506	1.29%	73,199.39
Total		$ 352,153,356	100.00%	5,689,741.77

[1] Based on calendar year 2017 Gross Tax Digest of $5,518,684,370

Source: Glynn County Tax Commissioner.

Millage Rates

Set forth below is information concerning the rate of levy of property taxes per $1,000 of assessed value, or millage rates, of the School District, unincorporated and incorporated Glynn County, and the State of Georgia for the past five calendar years.

Millage Rates by Category	2013	2014	2015	2016	2017
State of Georgia	0.150	0.100	0.050	-	-
County School	16.230	16.157	16.157	16.157	16.157
County Incorporated	5.673	5.673	5.673	5.673	7.383
City of Brunswick	12.719	13.219	13.219	13.219	13.219
Fire District 3,4,5 (Unincorporated)	1.680	1.680	1.680	1.680	2.080
Fire District 2 Rural (Unincorporated)	-	-	-	-	-
County Unincorporated - Jekyll Island	4.981	4.981	4.981	4.981	6.691
County Unincorporated	5.673	5.673	5.673	5.673	7.383
SSD Sea Island Police	0.220	0.220	0.220	0.220	0.220
SSD Capital Projects	0.490	0.490	0.490	0.490	0.490

Source: State of Georgia Department of Revenue, Local Government Services Division.

M&O Tax Levies and Collections

Glynn County levies M&O taxes on behalf of the School District on January 1 of each year and normally bills said taxes by September. M&O taxes are due and payable on the earlier of November 15th or 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the School District reported as of the School District's fiscal years ended June 30, 2013, through June 30, 2017, for the prior calendar year's tax levy. The figures below exclude taxes levied and collected on motor vehicles, mobile homes, heavy equipment and timber.

	2013	2014	2015	2016	2017
Current Year's M&O Tax Levy[1]	$ 57,081,809.78	$ 60,458,683.78	$ 60,486,066.20	$ 61,935,639.32	$ 64,724,693.57
Less 2.5% Collection Fee	1,427,045.24	1,511,467.09	1,512,151.66	1,548,390,98	1,618,117.34
Current Year's Net M&O Tax Levy	$ 55,654,764.54	$ 58,947,216.69	$ 58,973,914.54	$ 60,387,248.34	$ 63,106,576.23
Distribution Current Year's Taxes	$ 53,853,416.18	$ 57,245,109.38	$ 57,798,355.75	$ 59,367,101.68	$ 62,119,594.99
Distribution of Prior Year's Taxes	2,248,693.13	1,642,585.81	1,859,381.96	1,117,063.52	1,156,776.74
Total Tax Collections	$ 56,102,109.31	$ 58,887,695.19	$ 59,657,737.71	$ 60,484,165.20	$ 63,276,371.73
Current Years' Tax Collections as a	97%	97%	98%	98%	98%
Total Tax Collections as a Percent of	100%	100%	100%	100%	100%
Uncollected Current Year's M&O	$1,801,348.36	$1,702,107.31	$1,175,558.79	$1,020,146.66	$986,981.24
Due Date of Taxes	11/15/2013	11/15/2014	11/15/2015	11/15/2016	11/22/2017
Tax Period Begins	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017
Tax Period Ends	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017

[1] Current Year's M&O Tax Levy represents the tax levy after errors, omissions and appeals have been deducted from the original bill.

Source: Glynn County Tax Commissioner.

Insurance Coverage. The School District is self-insured for unemployment compensation claims. It carries commercial insurance for risk of loss associated with assets, and has neither significantly reduced coverage for this risk nor incurred losses which exceeded its insurance coverage in the current fiscal year or the past two fiscal years. Automobile coverage with Georgia School Board Association Risk Management Fund is summarized as follows:

Bodily Injury	$500,000 per person/per accident
Property Damage	$500,000 per accident
Medical	$5,000 per person
Uninsured Motor Vehicle	$75,000 per accident

SURETY BONDS

School Superintendent	$50,000
Drivers Education	$2,500 per bond

The School District is a participating member of the Georgia School Board Association Risk Management Fund ("**GSBA-RMF**"), an interlocal risk management agency established for Georgia school districts to pool liability and property risks. GSBA-RMF serves as the agent of its members for claims adjustment and administration of the risk sharing pool. GSBA-RMF offers its members risk management services in order to reduce losses. Annual contributions by members are weighted to reflect the exposures of the member, the level of proprietary services offered to the member and the member's claim history. The School District's estimated total contribution for the period from July 1, 2013, to June 30, 2017, was $3,959,012.01. Although protected by reinsurance purchased directly by GSBA-RMF, the solvency of the pool is assured through retained surplus funds and the agreement of its members to be jointly and severally liable for the self-insurance pool's obligations.

Single Audit Section

Glynn County
Board of Education

MAULDIN & JENKINS

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

To the Superintendent and Members of the
Glynn County Board of Education
Brunswick, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glynn County Board of Education as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Glynn County Board of Education's basic financial statements and have issued our report thereon dated May 15, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, which we consider to be material weaknesses.

Compliance and Other Matters

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

Glynn County Board of Education's Responses to Findings

Glynn County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Glynn County Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Savannah, Georgia
May 15, 2019

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Superintendent and Members of the
Glynn County Board of Education
Brunswick, Georgia

Report on Compliance for Each Major Federal Program

We have audited Glynn County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Glynn County Board of Education's major federal programs for the year ended June 30, 2018. Glynn County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Glynn County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Glynn County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Glynn County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Glynn County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Glynn County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Glynn County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Glynn County Board of Education's internal control over compliance.

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

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

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

Mauldin & Jenkins, LLC

Savannah, Georgia
May 15, 2019

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	FAIN Number	Grantor's Number	Total Expenditures	
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Georgia Department of Education:					
Child Nutrition Cluster					
School Breakfast Program	10.553	17175GA324N1099	556	$ 1,830,138	
National School Lunch Program - cash assistance	10.555	17175GA324N1100	556	4,377,827	
National School Lunch Program - non-cash assistance	10.555	17175GA324N1100	556	299,227	**(1)**
Total Child Nutrition Cluster				6,507,192	
Fresh Fruit and Vegetables Program	10.582	N/A	N/A	93,484	
Total U.S. Department of Agriculture				6,600,676	
U.S. DEPARTMENT OF DEFENSE					
Direct Program					
Department of the Navy ROTC Program	12.000	N/A	N/A	75,502	
U.S. DEPARTMENT OF EDUCATION					
Passed through Georgia Department of Education					
Special Education Cluster					
Special Education - Grants to States	84.027	H027A170073	553	2,324,027	
Special Education - Grants to States	84.173	H173A160081	553	82,101	
Total Special Education Cluster				2,406,128	
Other Programs:					
Career and Technical Education - Basic Grants to States	84.048	V048A160010	562	1,372	
Career and Technical Education - Basic Grants to States	84.048	V048A170010	562	140,408	
English Language Acquisition Grants	84.365	S365A160010	632	21,633	
English Language Acquisition Grants	84.365	S365A170010	632	80,963	
Mathematics Science Partnership Grants	84.366	S366B160011	579	87,764	
Supporting Effective Instruction State Grants	84.367	S367A160001	630	128,081	
Supporting Effective Instruction State Grants	84.367	S367A170001	630	386,156	
Striving Readers Birth to Age 5	84.371	S371C110049	637	5,204	
Striving Readers Bith to Age 5	84.371	S371C170002	637	1,808	
Striving Readers Kindgergarten to Grade 5	84.371	S371C170002	637	8,835	
Striving Readers Birth to Age 5	84.371	S371C170002	637	2,176	
Striving Readers Birth to Age 5	84.371	S371C170002	637	2,165	
Title I Grants to Local Educational Agencies	84.010	S010A160010	551	135,851	
Title I Grants to Local Educational Agencies	84.010	S010A170010	551	3,730,896	
Title IV Student Support and Academic Enrichment Grants	84.424	S424A170011		64,430	
Total Other Programs				4,797,742	
Total U.S. Department of Education				7,203,870	
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through Georgia Emergency Management Agency					
Disaster Relief Funds	97.036	N/A	N/A	154,732	
Total Expenditures of Federal Awards				**$ 14,034,780**	

(1) The amount shown for non-cash assistance represents the Federally assigned value of donated commodities received during the current fiscal year under the USDA Food Distribution program.

GLYNN COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glynn County Board of Education and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2. DE MINIMIS COST RATE

The School System elected not to use the 10% de minimis cost rate for the year ended June 30, 2018.

NOTE 3. SUBRECIPIENTS

The School System did not pass through any grant funds to subrecipients for the year ended June 30, 2018.

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ Yes _____ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	____ Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster Program:
	U.S. Department of Agriculture
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B. FINDINGS: FINANCIAL STATEMENTS AUDIT

2018-001. Workers' Compensation Fund Incurred But Not Reported (IBNR)

Criteria: Generally accepted accounting principles require workers' compensation claims payable to include both known case reserves and an estimate for incurred but not reported (IBNR) claims.

Condition: The School System is self-insured for workers' compensation, and activities associated with workers' compensation insurance are accounted for in the Workers' Compensation Fund. As such, any liability associated with workers' compensation claims, including the estimated IBNR and all known case reserves, should be recorded in the Workers' Compensation Fund and the government-wide financial statements. As of June 30, 2017 and June 30, 2018, the School System only reported known case reserves and did not record an estimated IBNR.

Context: We addressed this matter with School System officials who agreed adjustments were necessary to properly reflect the balances of the Workers' Compensation Fund's IBNR at June 30, 2017 and June 30, 2018.

Effect: A prior period adjustment in the amount of $218,749 was required to record the workers' compensation IBNR and to decrease net positon of the governmental activities and the Workers' Compensation Fund at June 30, 2017. An adjustment in the amount of $312,736 was required to record workers' compensation IBNR and to decrease net position of the governmental activities and the Workers' Compensation Fund at June 30, 2018. The result of these adjustments was an increase to expenses of the current year of $93,987.

Recommendation: We recommend the School System record the components of the workers' compensation claims payable, including all known case reserves and the estimated IBNR, at the end of each fiscal year.

Views of Responsible Officials and Planned Corrective Action: Management concurs and has implemented steps to ensure that the estimate of IBNR, in addition to known case reserves, is recorded at the end of each fiscal year.

2018-002. Quality Basic Education (QBE) Receivable

Criteria: Generally accepted accounting principles require accounts receivable and related revenue to be recognized in the accounting period in which revenues are earned, subject to availability requirements.

Condition: The School System did not record the full amount due from the State of Georgia for QBE at June 30, 2017 or June 30, 2018.

Context: We addressed this matter with School System officials who agreed adjustments were necessary to properly reflect the balances of the General Fund's intergovernmental receivables at June 30, 2017 and June 30, 2018.

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B. FINDINGS: FINANCIAL STATEMENTS AUDIT (CONTINUED)

2018-002. Quality Basic Education (QBE) Receivable (Continued)

Effect: A prior period adjustment in the amount of $2,816,812 was required to record the QBE receivable and to increase net positon of the governmental activities and fund balance of the General Fund at June 30, 2017. An adjustment in the amount of $3,524,850 was required to record the QBE receivable and to increase the net position of the governmental activities and fund balance of the General Fund at June 30, 2018. The result of these adjustments is an increase to revenue for the year ended June 30, 2018 of $708,038.

Recommendation: We recommend the School System strengthen its internal controls over its financial reporting as it relates to the recording of the QBE receivable, in order to ensure intergovernmental receivables are complete at the end of each fiscal year.

Views of Responsible Officials and Planned Corrective Action: Management concurs and has implemented steps to ensure that the QBE receivable is properly recorded at the end of each fiscal year, utilizing the QBE Accrual Allotment Sheet, Q017.

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

None reported.

GLYNN COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

Glynn County Schools

Dr. Virgil Cole
Superintendent

Andrea H. Preston, CPA
Assistant Superintendent of Finance

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

2018-001. Workers' Compensation Fund Incurred But Not Reported (IBNR)

Name of the Contact Person Responsible for Corrective Action Plan: Andrea Preston, CFO.

Corrective Action Plan: We will implement a process to record an estimate for IBNR at year end.

Anticipated Completion Date: Fiscal year 2019

2018-002. Quality Basic Education (QBE) Receivable

Name of the Contact Person Responsible for Corrective Action Plan: Andrea Preston, CFO.

Corrective Action Plan: We will implement a process to record the QBE receivable based upon the information received annually for the Georgia Department of Education.

Anticipated Completion Date: Fiscal year 2019

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