**GLYNN COUNTY BOARD OF EDUCATION**
**Brunswick, Georgia**

**FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**


GLYNN
SCHOOLS
COUNTY

# Glynn County Board of Education

Annual Financial Report
For the Year Ended June 30, 2014

Table of Contents


| | Page |
|---|---|
| Independent Auditors' Report | A -1 |
| Management's Discussion and Analysis | B -1 |
| Basic Financial Statements: | |
| District-wide Financial Statements: | |
| Statement of Net Position | C - 1 |
| Statement of Activities | C - 2 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | C - 3 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | C - 4 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | C - 5 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | C - 6 |
| Proprietary Funds (Internal Service): | |
| Statement of Net Position | C - 7 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | C - 8 |
| Statement of Cash Flows | C - 9 |
| Fiduciary Funds (Agency): | |
| Statement of Fiduciary Assets and Liabilities | C - 10 |
| Notes to the Basic Financial Statements | C - 11 |
| Required Supplementary Information other than MD&A: | |
| Budgetary Comparison Schedule - General Fund | D - 1 |
| Notes to Required Supplementary Information on Budgetary Accounting and Control | D - 2 |
| Supplementary Data - Combining Fund Financial Statements and Schedules: | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet - by Fund Type | E - 1 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - by Fund Type | E - 3 |
| Budgetary Comparison Schedules - Nonmajor Governmental Funds: | |
| Special Revenue Funds: | |
| Special Programs | E - 5 |
| Title I | E - 6 |
| Title II | E - 7 |
| Title IVB | E - 8 |
| Special Education | E - 9 |
| Pre Kindergarten | E - 10 |
| Athletics | E - 11 |
| School Food Service | E - 12 |
| Debt Service Fund | E - 13 |

## Glynn County Board of Education

Annual Financial Report
For the Year Ended June 30, 2014

Table of Contents


| | Page |
|---|---|
| Internal Service Funds: | |
| Combining Statement of Net Position | E - 14 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | E - 15 |
| Combining Statement of Cash Flows | E - 16 |
| Fiduciary Funds: | |
| Statement of Changes in Assets and Liabilities - Agency Funds | E - 17 |
| Supplemental Schedule: | |
| Schedule of Approved Special Purpose Local Option Sales Tax Projects | E - 18 |
| Compliance and Internal Control Reports: | |
| 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* | F - 1 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | F - 3 |
| Schedule of Expenditures of Federal Awards | F - 5 |
| Note to the Schedule of Expenditures of Federal Awards | F - 6 |
| Schedule of Findings and Questioned Costs and Status of Prior Audit Findings | F - 7 |

# INDEPENDENT AUDITORS' REPORT


GLYNN
SCHOOLS
COUNTY

**INDEPENDENT AUDITORS' REPORT**

To the Superintendent and Members of the
Board of Education of Glynn County, 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 Board of Education of Glynn County, Georgia (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

The District's 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.

**Auditors' Responsibility**

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

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

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



*Tel* 912-232-0475 *Fax* 912-232-0478
6600 Abercorn Street, Suite 200 | Savannah, GA 31405 | P.O. Box 16149 | Savannah, GA 31416 | krtcpa.com

**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 Board of Education of Glynn County, Georgia, as of June 30, 2014, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page B-1 and budgetary comparison information beginning on page D-1 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 District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 account 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
March 11, 2015


GLYNN
SCHOOLS
COUNTY

# MANAGEMENT'S DISCUSSION AND ANALYSIS


GLYNN
SCHOOLS
COUNTY

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

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, 2014. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position increased $28 million, which represents a 13.4 percent increase from fiscal year 2013. This increase was due to governmental activities since the Board has no business-type activities.

- General revenues accounted for $85.8 million in revenue or 54 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $72.3 million or 46 percent of total revenues of $158 million.

- The Board had $130.1 million in expenses related to governmental activities; only $72.3 million of these expenses were offset by program revenues. General revenues (primarily property and sales taxes) of $85.8 million funded the remaining expenses for these programs.

- Among major funds, the general fund has $102.7 million in revenues and $106.4 million in expenditures. The general fund's fund balance decreased by $2.4 million to $23.4 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 longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. 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 2014?" 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 positon 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 2014 compared to fiscal year 2013.

**Table 1**
**Net Assets**
**(In Thousands)**

| | Fiscal Year 2014 | Fiscal Year 2013 |
|---|---|---|
| **Assets** | | |
| Current and other assets | $ 84,100 | $ 74,412 |
| Capital assets, net of accumulated depreciation | 204,314 | 198,878 |
| Total assets | 288,414 | 273,290 |
| **Liabilities** | | |
| Current and other liabilities | 19,999 | 22,913 |
| Long-term liabilities | 30,960 | 40,888 |
| Total liabilities | 50,959 | 63,801 |
| **Net Position** | | |
| Net investment in capital assets | 175,821 | 160,503 |
| Restricted | 29,728 | 15,504 |
| Unrestricted | 31,906 | 33,482 |
| Total net position | $ 237,455 | $ 209,489 |

Total net position increased $28 million in fiscal year 2014.

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

**Table 2**
**Change in Net Position**
**(In Thousands)**

| | Fiscal Year 2014 | Fiscal Year 2013 |
|---|---|---|
| **Revenues** | | |
| Program revenues: | | |
| Charges for services and sales | $ 2,742 | $ 3,135 |
| Operating grants and contributions | 51,934 | 53,744 |
| Capital grants and contributions | 17,599 | - |
| Total program revenues | 72,275 | 56,879 |
| General Revenues: | | |
| Taxes | | |
| Property taxes | 64,147 | 59,284 |
| Sales taxes | 18,777 | 18,715 |
| Other taxes | 1,356 | 1,357 |
| Grants and contributions not restricted to specific programs | 146 | 524 |
| Unrestricted investment earnings | 41 | 44 |
| Investment earnings restricted for capital projects. | 32 | 84 |
| Miscellaneous | 1,257 | 1,187 |
| Total general revenues | 85,756 | 81,195 |
| Total revenues | 158,031 | 138,074 |
| **Program Expenses** | | |
| Instruction | 85,997 | 82,190 |
| Support services | | |
| Pupil services | 3,330 | 3,381 |
| Improvement of instructional services | 4,075 | 4,263 |
| Educational media services | 1,917 | 2,022 |
| Federal grant administration | 221 | 196 |
| General administration | 918 | 911 |
| School administration | 6,399 | 6,125 |
| Business administration | 1,164 | 1,103 |
| Maintenance and operation of plant | 10,511 | 10,034 |
| Student transportation services | 5,941 | 5,670 |
| Central support services | 1,499 | 1,418 |
| Other support services | 557 | 634 |
| Operations of non-instructional services | | |
| Community services | 3 | 1 |
| Food services | 7,376 | 6,952 |
| Interest on short-term and long-term debt | 156 | 731 |
| Total expenses | 130,064 | 125,631 |
| Increase in net position | 27,967 | 12,443 |
| Net position - beginning | 209,489 | 197,046 |
| Net position - ending | $ 237,456 | $ 209,489 |

**Governmental Activities**

Instruction comprises 66 percent of governmental program expenses. Interest expense was less than one percent 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 2014 with fiscal year 2013. 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 2014 | Fiscal Year 2013 | Fiscal Year 2014 | Fiscal Year 2013 |
| Instruction | $ 85,997 | $ 82,190 | $ 31,309 | $ 43,465 |
| Support services: | | | | |
| Pupil services | 3,330 | 3,381 | 2,475 | 2,390 |
| Improvement of instructional services | 4,075 | 4,263 | 2,930 | 2,746 |
| Educational media services | 1,917 | 2,022 | 965 | 1,067 |
| Federal grant administration | 221 | 196 | 221 | 196 |
| General administration | 918 | 911 | (147) | (238) |
| School administration | 6,399 | 6,125 | 4,390 | 4,104 |
| Business administration | 1,164 | 1,103 | 1,164 | 1,100 |
| Maintenance and operation of plant | 10,511 | 10,034 | 8,274 | 7,815 |
| Student transportation services | 5,941 | 5,670 | 4,752 | 4,477 |
| Central support services | 1,499 | 1,418 | 1,499 | 1,414 |
| Other support services | 557 | 634 | 80 | 140 |
| Operations of non-instructional services: | | | | |
| Community services | 3 | 1 | (18) | (29) |
| Food services | 7,376 | 6,952 | (260) | (626) |
| Interest on short-term and long-term debt | 156 | 731 | 156 | 731 |
| Total expenses | $ 130,064 | $ 125,631 | $ 57,790 | $ 68,752 |

Expenditures for fiscal year 2014 increased about 3.7% from the prior year and net cost of services decreased about 15.9%. The decrease in net cost of services was due to increases in program specific revenues such as capital and operating grants of $15.8 million over fiscal year 2013 mainly from a state grant for the New Brunswick High School. Program specific revenues represent 46% of 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 $159.8 million and expenditures and other financing uses of $147.8 million. The district-wide capital projects' fund balance had an increase of $14.2 million from receiving a state grant for the New Brunswick High School. The general fund had a decrease of $2.4 million in fund balance. The negative change in the fund balance of the general fund for the year reflects the Board's use of reserves to cover the shortfalls in state and local revenues.

**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 2014, 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 $104.8 million were higher than the original budgeted amount of $99.4 million by $5.4 million. The actual revenues and other financing sources of $104.4 million were less than the budgeted amount of $104.8 million by $0.4 million.

The final budgeted expenditures and other financing uses of $108.4 million exceeded the original budgeted amount of $106.2 million by $2.2 million. This difference was due to changes in grants after the school year had begun, unanticipated expenditures, recording a capital lease, and forgoing three budgeted furlough days. The actual expenditures and other financing uses of $106.8 million were $1.6 million less than budgeted. This difference was due to conservative spending practices along with combining positions and attrition.

General fund revenues and other financing sources were less than the expenditures and other financing uses by $2.4 million. The Board was able to maintain an adequate fund balance while waiting for the economy to turn around.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2014, the Board had $204 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2014 balances compared with fiscal year 2013 balances.

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

| | Fiscal Year 2014 | Fiscal Year 2013 |
|---|---|---|
| Land | $ 5,368 | $ 4,365 |
| Construction in progress | 2,671 | 74,205 |
| Building and building improvements | 190,662 | 116,489 |
| Equipment | 5,613 | 3,819 |
| Total capital assets, net of accumulated depreciation | $ 204,314 | $ 198,878 |

Capital Assets increased by $5.4 million during fiscal year 2014. The Board completed the New Brunswick High School and began renovating Glynn Academy. These capital expenditures are being funded with Educational Special Purpose Local Option Sales Tax (ESPLOST) revenues and General Obligation Bonds. In March of 2007, the voters of Glynn County approved the first ESPLOST for the school district to be collected between July 1, 2007 and December 31, 2010. 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, 2015.

**Debt**

At June 30, 2014, the Board had $27.0 million in bonds outstanding with $14.0 million due within one year. Table 5 summarizes general obligation bonds, capital leases, and compensated absences outstanding. Table 5 shows fiscal year 2014 balances compared with fiscal year 2013 balances.

**Table 5**
**Debt at June 30**
**(in Thousands)**

| | Fiscal Year 2014 | Fiscal Year 2013 |
|---|---|---|
| General obligation bonds | $ 26,978 | $ 37,475 |
| Capital leases | 1,514 | 901 |
| Compensated absences | 2,468 | 2,512 |
| Total long-term obligations | $ 30,960 | $ 40,888 |

In November 2009, voters approved a 1% ESPLOST in conjunction with a $51.8 million General Obligation Bond issue for the purpose of building new schools and renovating schools. The ESPLOST, collected between January 1, 2011, and December 31, 2015, will be used to retire the bonds. In September 2010, Glynn County Board of Education issued $51.8 million in General Obligation Sales Tax Bonds to advance fund the capital projects. At June 30, 2014, 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 $5.7 million in 2014, 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 $23.4 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 26% since fiscal year 2008. The Board was forced to raise the millage rate to 16.230 in 2014. With the School District's second ESPLOST, the New Brunswick High School was completed this year and renovations began on Glynn Academy. These projects will ensure adequate space for future growth in our high 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 continue and are hopeful the property tax digest will begin to increase. 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 $23.4 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.

# DISTRICT-WIDE FINANCIAL STATEMENTS


GLYNN
SCHOOLS
COUNTY

## Glynn County Board of Education

Statement of Net Position

June 30, 2014

| | Governmental Activities |
|---|---|
| Assets | |
| Cash and investments | $ 43,944,463 |
| Receivables: | |
| Intergovernmental | 5,014,916 |
| Taxes | 5,912,393 |
| Other | 2,132,247 |
| Inventory and prepaid expenses | 594,442 |
| Restricted cash and investments | 26,501,900 |
| Capital assets | |
| Land, improvements, and construction in progress | 8,039,193 |
| Other capital assets, net of accumulated depreciation | 196,274,534 |
| Total assets | 288,414,088 |
| Liabilities | |
| Accounts payable | 4,808,369 |
| Construction contracts payable - retainage | 27,914 |
| Accrued salaries and benefits | 14,683,999 |
| Interest payable | 336,717 |
| Other current liabilities | 141,023 |
| Long-term liabilities: | |
| Due within one year | 14,657,766 |
| Due in more than one year | 16,302,723 |
| Total liabilities | 50,958,511 |
| Net Position | |
| Net investment in capital assets | 175,821,030 |
| Restricted for | |
| Debt service | 24,728,316 |
| Capital projects | 5,000,299 |
| Unrestricted | 31,905,932 |
| Total net position | $ 237,455,577 |

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

**Glynn County Board of Education**

Statement of Activities

For the Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Instruction | $ 85,997,382 | $ 1,149,484 | $ 35,939,965 | $ 17,599,218 | $ (31,308,715) |
| Support services: | | | | | |
| Pupil services | 3,329,697 | - | 854,334 | - | (2,475,363) |
| Improvement of instructional services | 4,075,357 | - | 1,144,872 | - | (2,930,485) |
| Educational media services | 1,917,178 | - | 952,119 | - | (965,059) |
| Federal grant administration | 221,073 | - | - | - | (221,073) |
| General administration | 918,217 | - | 1,065,490 | - | 147,273 |
| School administration | 6,399,070 | - | 2,008,986 | - | (4,390,084) |
| Business administration | 1,163,700 | - | - | - | (1,163,700) |
| Maintenance and operation of plant | 10,510,617 | - | 2,236,734 | - | (8,273,883) |
| Student transportation services | 5,941,318 | - | 1,189,352 | - | (4,751,966) |
| Central support services | 1,499,332 | - | - | - | (1,499,332) |
| Other support services | 556,563 | - | 476,686 | - | (79,877) |
| Operations of non-instructional services: | | | | | |
| Community services | 2,601 | 21,138 | - | - | 18,537 |
| Food services | 7,376,350 | 1,570,967 | 6,065,817 | - | 260,434 |
| Interest on long-term debt | 156,310 | - | - | - | (156,310) |
| Total governmental activities | $ 130,064,765 | $ 2,741,589 | $ 51,934,355 | $ 17,599,218 | (57,789,603) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | | 64,147,311 |
| Sales taxes for capital projects | | | | | 18,776,975 |
| Other taxes | | | | | 1,356,474 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Other grants and contributions | | | | | 146,322 |
| Investment earnings: | | | | | |
| Unrestricted investment earnings | | | | | 41,216 |
| Restricted for capital projects | | | | | 31,732 |
| Miscellaneous | | | | | 1,256,623 |
| Total general revenues | | | | | 85,756,653 |
| Change in net position | | | | | 27,967,050 |
| Net position - beginning | | | | | 209,488,527 |
| Net position - ending | | | | | $ 237,455,577 |

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

# FUND FINANCIAL STATEMENTS


GLYNN
SCHOOLS
COUNTY

## Glynn County Board of Education

Governmental Funds
Balance Sheet

June 30, 2014

| | General | District-Wide Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Assets | | | | |
| Cash and investments | $ 32,899,099 | $ 1,733,111 | $ 4,517,656 | $ 39,149,866 |
| Receivables: | | | | |
| Taxes | 4,164,988 | - | - | 4,164,988 |
| State government | 3,750,950 | 1,762,541 | 1,248,830 | 6,762,321 |
| Grants and other | 521,147 | - | 1,611,100 | 2,132,247 |
| Interfund receivables | 1,339,351 | - | 39,610 | 1,378,961 |
| Inventory and prepaid expenses | 465,767 | - | 128,675 | 594,442 |
| Restricted cash and investments | - | 26,501,900 | - | 26,501,900 |
| Total assets | $ 43,141,302 | $ 29,997,552 | $ 7,545,871 | $ 80,684,725 |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | $ 3,191,723 | $ 240,972 | $ 269,297 | $ 3,701,992 |
| Construction contracts payable - retainage | - | 27,914 | - | 27,914 |
| Accrued salaries and benefits | 12,955,634 | - | 1,728,365 | 14,683,999 |
| Interfund payables | 419,266 | 51 | 1,343,205 | 1,762,522 |
| Other current liabilities | 141,023 | - | - | 141,023 |
| Total liabilities | 16,707,646 | 268,937 | 3,340,867 | 20,317,450 |
| Deferred inflows of resources | | | | |
| Unavailable income | 3,057,369 | - | - | 3,057,369 |
| Fund balances | | | | |
| Nonspendable: | | | | |
| Inventory and prepaid expenses | 465,767 | - | 128,676 | 594,443 |
| Restricted: | | | | |
| Debt service | - | 24,728,316 | - | 24,728,316 |
| Capital projects | - | 5,000,299 | - | 5,000,299 |
| School food service program | - | - | 3,262,626 | 3,262,626 |
| Assigned: | | | | |
| Student activity accounts | - | - | 467,187 | 467,187 |
| Historic Glynn Academy | - | - | 15,199 | 15,199 |
| Athletic programs | - | - | 291,808 | 291,808 |
| Debt service | - | - | 39,508 | 39,508 |
| Appropriations for fiscal year 2015 budget | 3,051,600 | - | - | 3,051,600 |
| Local capital outlay projects | 3,831,420 | - | - | 3,831,420 |
| Unassigned | 16,027,500 | - | - | 16,027,500 |
| Total fund balances | 23,376,287 | 29,728,615 | 4,205,004 | 57,309,906 |
| Total liabilities and fund balances | $ 43,141,302 | $ 29,997,552 | $ 7,545,871 | $ 80,684,725 |

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

## Glynn County Board of Education

Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities

June 30, 2014

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 57,309,906 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds, net of accumulated depreciation: | | |
| Capital assets, at cost | $ 287,943,806 | |
| Accumulated depreciation | (83,630,079) | 204,313,727 |
| Other long-term assets are not available to pay for current period expenditures: | | |
| Unavailable property taxes | | 3,057,369 |
| Long-term and related liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. | | |
| Interest payable | $ (336,717) | |
| Compensated absences | (2,467,792) | |
| General obligation debt | (26,978,015) | |
| Capital leases payable | (1,514,682) | (31,297,206) |
| Internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | | 4,071,781 |
| Net Position of Governmental Activities | | $ 237,455,577 |

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

## Glynn County Board of Education

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2014

| | General | District-Wide Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Revenues | | | | |
| Property taxes | $ 65,180,783 | $ - | $ 175 | $ 65,180,958 |
| Sales taxes | - | 18,776,975 | - | 18,776,975 |
| State sources | 36,202,896 | 17,599,218 | 2,213,126 | 56,015,240 |
| Federal sources | 399,467 | - | 13,736,143 | 14,135,610 |
| Charges for services | - | - | 1,100,012 | 1,100,012 |
| Investment earnings | 36,378 | 31,732 | 2,750 | 70,860 |
| Miscellaneous | 923,473 | 69,183 | 1,434,589 | 2,427,245 |
| Total revenues | 102,742,997 | 36,477,108 | 18,486,795 | 157,706,900 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 71,354,783 | 63,426 | 8,770,431 | 80,188,640 |
| Support services: | | | | |
| Pupil services | 2,830,579 | - | 480,839 | 3,311,418 |
| Improvement of instructional services | 3,133,882 | - | 968,906 | 4,102,788 |
| Educational media services | 1,917,178 | - | - | 1,917,178 |
| Federal grant administration | - | - | 221,073 | 221,073 |
| General administration | 900,391 | - | 14,958 | 915,349 |
| School administration | 6,225,604 | - | 157,389 | 6,382,993 |
| Business administration | 1,158,936 | - | - | 1,158,936 |
| Maintenance and operation of plant | 10,422,567 | - | 104,216 | 10,526,783 |
| Student transportation services | 5,271,935 | 1,654,181 | 50,178 | 6,976,294 |
| Central support services | 1,882,818 | - | - | 1,882,818 |
| Other support services | 113,451 | - | 476,686 | 590,137 |
| Community services | 2,601 | - | - | 2,601 |
| Food services | 54,166 | - | 7,460,602 | 7,514,768 |
| Capital Outlay | - | 9,811,757 | - | 9,811,757 |
| Debt Service | | | | |
| Principal | 1,071,858 | 9,500,000 | - | 10,571,858 |
| Interest and other charges | 54,494 | 1,222,600 | - | 1,277,094 |
| Total expenditures | 106,395,243 | 22,251,964 | 18,705,278 | 147,352,485 |
| Excess of revenues over (under) expenditures | (3,652,246) | 14,225,144 | (218,483) | 10,354,415 |
| Other financing sources (uses) | | | | |
| Capital lease | 1,685,923 | - | - | 1,685,923 |
| Transfers in | - | - | 454,687 | 454,687 |
| Transfers out | (454,687) | - | - | (454,687) |
| Total other financing sources (uses) | 1,231,236 | - | 454,687 | 1,685,923 |
| Net Changes in fund balances | (2,421,010) | 14,225,144 | 236,204 | 12,040,338 |
| Fund balances at beginning of year | 25,797,297 | 15,503,471 | 3,968,800 | 45,269,568 |
| Fund balances at end of year | $ 23,376,287 | $ 29,728,615 | $ 4,205,004 | $ 57,309,906 |

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

## 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 Year Ended June 30, 2014

| | | |
|---|---|---|
| Net change in Fund Balances - Total Governmental Funds | | $ 12,040,338 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: | | |
| Capital outlays | $ 13,605,872 | |
| Depreciation expense | (8,170,350) | 5,435,522 |
| Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability | | (1,685,923) |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year these amounts consist of: | | |
| Bond principal retirement | $ 9,500,000 | |
| Capital lease payments | 1,071,858 | 10,571,858 |
| Because some revenues will not be collected for several months after the system's fiscal year ends, they are not considered "available" revenues and are deferred inflows in the governmental funds. Deferred inflows of resources increased by this amount this year | | 322,827 |
| 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. | | |
| Decrease (increase) in compensated absences | $ 44,218 | |
| Net (increase) decrease in accrued interest expense | 123,913 | |
| Amortization of bond premium | 996,871 | 1,165,002 |
| Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities | | 117,426 |
| Change in Net Position of Governmental Activities | | $ 27,967,050 |

## Glynn County Board of Education

Proprietary Funds
Statement of Net Position

June 30, 2014

| | Governmental Activities - Internal Service Funds |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash and investments | $ 4,794,597 |
| Interfund receivables | 383,561 |
| Total assets | 5,178,158 |
| **Liabilities** | |
| Current liabilities: | |
| Accounts payable and contracts payable | 1,106,377 |
| Total liabilities | 1,106,377 |
| **Net Position** | |
| Unrestricted | 4,071,781 |
| Total net position | $ 4,071,781 |

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

## Glynn County Board of Education

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2014

| | Governmental Activities - Internal Service Funds |
|---|---|
| **Operating revenues** | |
| Risk management fees | $ 983,562 |
| Total operating revenues | 983,562 |
| **Operating expenses** | |
| Risk management | 868,224 |
| Total operating expenses | 868,224 |
| Operating income (loss) | 115,338 |
| **Nonoperating revenues** | |
| Investment income | 2,088 |
| Total nonoperating revenues (expenses) | 2,088 |
| Net income (loss) before transfers | 117,426 |
| Change in net position | 117,426 |
| Net position, beginning of year | 3,954,355 |
| Net position, end of year | $ 4,071,781 |

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

## Glynn County Board of Education

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2014

| | Governmental Activities - Internal Service Funds |
|---|---|
| Cash flows from operating activities: | |
| Cash received for services and fees | $ 983,562 |
| Cash payments for supplies and insurance | (894,251) |
| Net cash provided (used) by operating activities | 89,311 |
| Cash flows from noncapital financing activities: | |
| Decrease (increase) in interfund receivables | 2,494,178 |
| Net cash provided (used) by noncapital financing activities | 2,494,178 |
| Cash flows from investing activities: | |
| Interest earned on cash and investments | 2,088 |
| Net cash provided (used) by investing activities | 2,088 |
| Net increase (decrease) in cash and cash equivalents | 2,585,577 |
| Cash and cash equivalents, beginning of year | 2,209,020 |
| Cash and cash equivalents, end of year | $ 4,794,597 |
| Operating income (loss) | $ 115,338 |
| Change in liabilities: | |
| Increase (decrease) in accounts payable | (26,027) |
| Total adjustments | (26,027) |
| Net cash provided (used) by operating activities | $ 89,311 |

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

## Glynn County Board of Education

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2014

| | Agency Funds |
|---|---|
| Assets | |
| Cash and investments | $ 373,531 |
| Total assets | $ 373,531 |
| Liabilities | |
| Due to student groups | $ 373,531 |
| Total liabilities | $ 373,531 |

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS


GLYNN
SCHOOLS
COUNTY

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

| | | |
|---|---|---|
| A. | Reporting Entity | C - 11 |
| B. | Basic Financial Statements | C - 11 |
| C. | Measurement Focus and Basis of Accounting | C - 13 |
| D. | Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity | C - 13 |
| E. | Revenues, Expenditures, and Expenses | C - 17 |

**NOTE II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

| | | |
|---|---|---|
| A. | Cash and Investments | C - 18 |
| B. | Receivables | C - 19 |
| C. | Property Taxes | C - 20 |
| D. | Capital Assets | C - 21 |
| E. | Capital Leases | C - 22 |
| F. | Long-term Debt | C - 22 |
| G. | Interfund Receivables, Payables, and Transfers | C - 23 |
| H. | Operating Leases | C - 24 |
| I. | Restricted Assets | C - 24 |

**NOTE III. OTHER NOTES**

| | | |
|---|---|---|
| A. | Retirement Plans | C - 24 |
| B. | Postemployment Benefits | C - 25 |
| C. | Commitments and Contingencies | C - 26 |
| D. | Risk Management | C - 26 |
| E. | On-Behalf of Payments | C - 27 |


GLYNN
SCHOOLS
COUNTY

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glynn County Board of Education, (the "Board") operates under a Board-Superintendent form of government and provides public educational services to the citizenry of the Glynn County, Georgia. The Board receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities.

The Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Board are discussed below.

### A. Reporting Entity

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

### B. Basic Financial Statements

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.

#### 1. District-wide Financial Statements

In the district-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Board first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the Board's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, unrestricted investment earnings, and other revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues that are directly associated with the function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The Board does not allocate indirect cost to functions in the statement of activities.

This district-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net assets resulting from the current year's activities.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### 2. Fund Financial Statements

The financial transactions of the Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditure/expenses. The various funds are reported by generic classification within the financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The emphasis in fund financial statements is on the major funds in the governmental fund category.

The District reports the following major governmental funds:

- General Fund
- District-wide 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.

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

The ***Debt Service fund*** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The ***District-wide Capital Project 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 accounting 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: worker's 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, as disclosed at Note III.D.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### 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 of 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.

### C. Measurement Focus and Basis of Accounting

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 relates 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 assets and current liabilities are reported.

#### 1. Accrual

Governmental activities in the district-wide financial statements, the proprietary (internal service) fund financial statements, and the fiduciary (agency) fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### 2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 30 days after year end. Revenues considered susceptible to accrual are property taxes, intergovernmental revenues, and investment income. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

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. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

#### 1. 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.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### 2. Investments

During 2014 and as of June 30, 2014, 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.

### 3. 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. Nonexchange 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.

### 4. Sales Tax

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $18,776,975 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.

### 5. 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

### 6. 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 fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

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:

| | |
|---|---|
| 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.

**7. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method.

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.

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2014, the District did not have any deferred outflows of resources.

In addition to liabilities, the Statement of Net Positon and the Governmental Funds Balance Sheet include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports property tax revenue that is unavailable to liquidate liabilities of the current period as deferred inflows of resources in the Governmental Funds Balance Sheet.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### 9. 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."

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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

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.

**E. 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.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### 4. Compensated Absences

Eligible Board employees can earn annual vacation based on length of service, to a maximum of 18 days after 10 years of service. However, no more than 45 days 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.

## II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

### A. Cash and Investments

Collateralization of Deposits

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by 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 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA Section 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:

i. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
ii. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
iii. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
iv. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

**II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)**

v. 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,

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

vii. 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.

At June 30, 2014, the carrying amount of the Board's deposits was $70,819,794 and the bank balances were $72,048,874. The bank balances were 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 district 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 district will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The district does not have a formal policy for managing custodial credit risk.

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

| | |
|---|---|
| Basic financial statements: | |
| Cash and investments | $ 43,944,463 |
| Restricted cash and investments | 26,501,900 |
| Fiduciary fund cash | 373,531 |
| Total | $ 70,819,894 |
| | |
| Notes to financial statements: | |
| Deposits and investments | $ 70,819,794 |
| Cash on hand | 100 |
| Total | $ 70,819,894 |

**B. Receivables**

The Board disaggregates significant components of receivables in the financial statements. Receivables from taxes expected to be collected within the subsequent fiscal year approximate $4,164,988 in the General Fund.

In the General fund, significant components of intergovernmental receivables include $3,750,950 from the State of Georgia for Quality Basic Education (QBE) formula grants.

In the District-wide capital projects fund, the intergovernmental receivables include $1,762,541 due from the State of Georgia for eSPLOST revenue collected but not remitted at June 30, 2014.

Taxes receivable reported in General Fund represents 2013 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

**DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)**

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, 2014, the allowance was $970,326.

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.

**C. Property Taxes**

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.

The property tax calendar is as follows:

| Event | Date |
|---|---|
| Beginning of fiscal year for taxes | January 1, 2013 |
| Vehicle personal property tax bill rendered | January 1, 2013 |
| Delinquency date - vehicle personal property taxes | Taxpayer's birthday |
| Millage rate approved | July 10, 2013 |
| Real and personal property tax bills rendered | September 15, 2013 |
| Real and personal property tax payments due | November 15, 2013 |

## II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

### D. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

| | Balance June 30, 2013 | Increases | Decreases | Transfers | Balance June 30, 2014 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 4,364,764 | $ - | $ - | $ 1,003,441 | $ 5,368,205 |
| Construction in progress | 74,205,056 | 9,811,758 | - | (81,345,826) | 2,670,988 |
| Total capital assets, not being depreciated | 78,569,820 | 9,811,758 | - | (80,342,385) | 8,039,193 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 169,549,847 | - | - | 80,342,385 | 249,892,232 |
| Equipment | 26,327,337 | 3,794,114 | (109,070) | - | 30,012,381 |
| Total capital assets, being depreciated | 195,877,184 | 3,794,114 | (109,070) | 80,342,385 | 279,904,613 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (53,060,985) | (6,169,704) | - | - | (59,230,689) |
| Equipment | (22,507,814) | (2,000,646) | 109,070 | - | (24,399,390) |
| Total accumulated depreciation | (75,568,799) | (8,170,350) | 109,070 | - | (83,630,079) |
| Total capital asset, being depreciated, net | 120,308,385 | (4,376,236) | - | 80,342,385 | 196,274,534 |
| Governmental activities capital assets, net | $ 198,878,205 | $ 5,435,522 | $ - | $ - | $ 204,313,727 |

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

| | |
|---|---|
| Governmental activities: | |
| Instruction | $ 7,172,479 |
| Business administration | 989 |
| Maintenance and operations | 23,404 |
| Pupil transportation | 688,188 |
| Support services | 153,352 |
| Food service operations | 131,938 |
| Total Depreciation expense - governmental activities | $ 8,170,350 |

## II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

### E. Capital Leases

The district 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, 2014 are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 638,545 | $ 56,929 | $ 695,474 |
| 2016 | 446,017 | 28,561 | 474,578 |
| 2017 | 256,995 | 11,862 | 268,857 |
| 2018 | 114,693 | 3,035 | 117,728 |
| 2019 | 58,432 | 432 | 58,864 |
| Totals..... | $ 1,514,682 | $ 100,819 | $ 1,615,501 |

For the year ended June 30, 2014, depreciation expense recorded on leased assets was $947,130. At June 30, 2014, the net book value of assets under capital lease was as follows:

| | Capital Assets Under Capital Leases |
|---|---|
| Equipment..... | $ 3,687,507 |
| Less: accumulated depreciation..... | (1,947,922) |
| Total..... | $ 1,739,585 |

### F. Long-term Debt

The following schedule summarizes the School District's long-term debt issues, including interest rates, original debt, and balance at year end.

| | Interest Rates | Original Debt | Balance June 30, 2014 |
|---|---|---|---|
| General Obligation Bonds: | | | |
| Sales Tax, Series 2010 | 3.00% to 4.00% | $ 51,815,000 | $ 25,815,000 |

*Requirements to Maturity - General Obligation Debt*

| Year | Principal | Interest |
|---|---|---|
| 2015 | $ 13,000,000 | $ 772,600 |
| 2016 | 12,815,000 | 256,300 |
| Totals..... | $ 25,815,000 | $ 1,028,900 |

## II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

*Changes in Long-term Debt*

| | Balance June 30, 2013 | Additions | Retirements | Balance June 30, 2014 | Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds: | | | | | |
| General obligation bonds | $ 35,315,000 | $ - | $ (9,500,000) | $ 25,815,000 | $ 13,000,000 |
| Unamortized premium | 2,159,886 | - | (996,871) | 1,163,015 | 996,871 |
| Total general obligation bonds | 37,474,886 | - | (10,496,871) | 26,978,015 | 13,996,871 |
| Capital leases payable | 900,617 | 1,685,923 | (1,071,858) | 1,514,682 | 638,545 |
| Compensated absences | 2,512,010 | 21,150 | (65,368) | 2,467,792 | 22,350 |
| Totals | $ 40,887,513 | $ 1,707,073 | $ (11,634,097) | $ 30,960,489 | $ 14,657,766 |

In prior years, compensated absences and capital leases have been typically liquidated with General Fund resources.

### G. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| **Governmental Funds:** | | |
| General | Capital Projects | $ 51 |
| | Other governmental | 1,339,300 |
| Subtotal General Fund interfund receivable | | 1,339,351 |
| Other governmental | General | 39,610 |
| Total governmental fund interfund receivables | | 1,378,961 |
| **Proprietary Funds:** | | |
| Internal service | General | 383,561 |
| Subtotal Internal Service Fund interfund receivable | | 383,561 |
| Total due to / from other funds | | $ 1,762,522 |

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.

For the year ended June 30, 2014, interfund transfers of $454,687 were used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other non-major governmental 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.

## II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

### H. Operating Leases

The Board has entered into an operating lease for copiers throughout the school system. Rental expenditures in 2014 amounted to $242,856. At June 30, 2014, there were no future required lease payments.

### I. 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 Assets because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2014, were as follows:

| | |
|---|---|
| Special Purpose Local Option Sales Tax funds | $ 24,728,594 |
| Unspent General Obligation Bonds | 1,773,306 |
| Total Restricted Assets | $ 26,501,900 |

## III. OTHER NOTES

### A. Retirement Plans

Teachers' Retirement System

Plan Description. The Board contributes to the Teachers' Retirement System of Georgia (TRS), a cost-sharing multiple-employer defined benefit pension plan administered by the TRS Board of Trustees. TRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 47, Chapter 3 of the Official Code of Georgia Annotated, assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The TRS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to TRS of Georgia, Two Northside 75, Suite 400, Atlanta GA 30331, or by calling 1-800-352-0650.

*Funding Policy.* Plan members are required to contribute 6.00% of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 12.28% of annual covered payroll. The contribution requirements of plan members and the Board are established and may be amended by the TRS Board of Trustees. The Board's contributions to TRS were equal to the required contributions for each year.

| Year ended June 30, | Percentage Contributed | Required Contribution |
|---|---|---|
| 2014 | 100% | $ 8,211,192 |
| 2013 | 100% | 7,725,870 |
| 2012 | 100% | 7,138,114 |
| 2011 | 100% | 7,328,727 |
| 2010 | 100% | 7,300,794 |

## IV. OTHER NOTES (*continued*)

All full-time bus drivers, lunchroom personnel, and maintenance and custodial personnel are covered and must participate in ERS as mandated by the State. Under the pension plan, benefits vest after 10 years of full-time employment. An employee with 10 years of service may retire at age 65 and receive full retirement benefits. Employees covered by the pension plan must contribute a fixed monthly amount to the pension plan. The State is required to make actuarially determined contributions that maintain the financial integrity of the retirement system.

The Board's total fiscal year 2014 payroll for all of its employees was $77,052,796.

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 2014, employee contributions amounted to $116,434.

### B. Postemployment Benefit Plans

*Plan Description.* The School District contributes to the Georgia School Personnel Post-employment Health Benefit Fund(School Personnel OPEB Fund), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Georgia Department of Community Health. The School Personnel OPEB Fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. The School Personnel OPEB Fund provides health insurance benefits to eligible retirees and their qualified beneficiaries through the health insurance plan for State employees. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the employees' health insurance plan (including benefits to retirees) is assigned to the Board of Community Health (Board). The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for the School Personnel OPEB Fund. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, GA 30303.

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

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rate is established to fund both the active and retired employee health insurance plans based on projected "pay-as-you-go" financing requirements. The combined rates for the active and retiree plans for the fiscal year ended June 30, 2014, were as follows:

| | Per Employee per Month | Effective Dates |
|---|---|---|
| Certified employees | $ 945.00 | July 2013 deduction / August 2013 coverage |
| Classified employees | 596.20 | July 2013 deduction / August 2013 coverage |

**III. OTHER NOTES (*continued*)**

No additional contribution was required by the Board for fiscal year 2014 nor contributed to the School Personnel OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The School District's contributions to the health insurance plans for the years ended June 30, 2014, and June 30, 2013, were $15,472,634 and $14,250,957, respectively, which equaled the required contribution.

**C. Commitments and Contingencies**

The Board is involved in legal matters, which either have or could result in litigation. In the opinion of Board management after consultation with legal counsel, the ultimate outcome of these contingencies will not have a material impact on the financial position of the Board.

The Board participates in a number of Federal financial assistance programs including the National School Lunch Program and the School Breakfast Program, the Title VIB Special Education, and the Title I Part A Improving the Academic Achievement of the Disadvantaged Program and the Title II Part A Improving Teacher Quality. Although the Board's grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

The Board had the following commitments with respect to unfinished capital projects at June 30, 2014:

| Capital Projects | Total Contract | Spent-to-Date | Remaining Commitment |
|---|---|---|---|
| Old Brunswick High School Demolition | $ 351,643 | $ 126,405 | $ 225,238 |
| Glynn Academy ADA Repairs | 139,870 | 124,821 | 15,049 |
| Total | $ 491,513 | $ 251,226 | $ 240,287 |

**D. Risk Management**

The District is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, 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 Board is self-insured for the risks associated with unemployment compensation and workers compensation. The Board has established a separate fund for accounting for workers compensation risk financing. A contribution to the fund is calculated on the basis of 1.15% 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.

**III. OTHER NOTES (*continued*)**

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 |
|---|---|---|---|---|
| 2014 | $ 1,103,917 | $ 819,245 | $ 824,758 | $ 1,098,404 |
| 2013 | 1,158,279 | 737,875 | 792,237 | 1,103,917 |
| 2012 | 1,077,255 | 984,139 | 903,115 | 1,158,279 |

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.

The Board also self-insures 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 |
|---|---|---|---|---|
| 2014 | $ 28,487 | $ 48,979 | $ 69,493 | $ 7,973 |
| 2013 | 138,746 | 125,036 | 235,295 | 28,487 |
| 2012 | 48,441 | 229,784 | 139,479 | 138,746 |

Risk Transfer

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

**E. On-Behalf of Payments**

The Board has recognized revenues and expenditures in the amount of $262,675 for health insurance and retirement contributions paid on the Board's behalf by the following State Agencies.

| | Amount |
|---|---|
| Paid to the Teachers Retirement System of Georgia (TRS) | |
| For the TRS Employer's Cost | $ 17,018 |
| Office of Treasury and Fiscal Services | |
| Paid to the Public School Employees Retirement System (ERS) | |
| For the ERS Employer's Cost | 245,657 |
| Total on-behalf of payments | $ 262,675 |


GLYNN
SCHOOLS
COUNTY

# REQUIRED SUPPLEMENTARY INFORMATION


GLYNN
SCHOOLS
COUNTY

## Glynn County Board of Education

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Postive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Propety taxes | $ 59,730,000 | $ 63,634,900 | $ 65,180,783 | $ 1,545,883 |
| State sources | 37,971,500 | 38,608,200 | 36,202,896 | (2,405,304) |
| Federal sources | 499,100 | 430,100 | 399,467 | (30,633) |
| Investment earnings | 100,000 | 100,000 | 36,378 | (63,622) |
| Miscellaneous | 1,054,100 | 910,400 | 923,473 | 13,073 |
| Total revenues | 99,354,700 | 103,683,600 | 102,742,997 | (940,603) |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 70,129,800 | 72,240,700 | 71,354,783 | 885,917 |
| Support services: | | | | |
| Pupil services | 2,813,700 | 2,873,000 | 2,830,579 | 42,421 |
| Improvement of instructional services | 3,087,700 | 3,188,600 | 3,133,882 | 54,718 |
| Educational media services | 1,907,800 | 1,964,800 | 1,917,178 | 47,622 |
| General administration | 966,300 | 944,000 | 900,391 | 43,609 |
| School administratioin | 6,164,700 | 6,283,200 | 6,225,604 | 57,596 |
| Business administration | 1,151,500 | 1,180,600 | 1,158,936 | 21,664 |
| Maintenance and operation of plant | 11,047,900 | 11,138,500 | 10,422,567 | 715,933 |
| Student transportation services | 5,503,500 | 5,343,400 | 5,271,935 | 71,465 |
| Central support services | 1,495,800 | 1,488,700 | 1,882,818 | (394,118) |
| Other support services | 128,700 | 114,800 | 113,451 | 1,349 |
| Community services | 6,200 | 5,800 | 2,601 | 3,199 |
| Food services | - | 54,200 | 54,166 | 34 |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | 982,600 | 1,071,900 | 1,071,858 | 42 |
| Interest and other charges | 395,100 | 54,500 | 54,494 | 6 |
| Total expenditures | 105,781,300 | 107,946,700 | 106,395,243 | 1,551,457 |
| Excess of revenues over (under) expenditures | (6,426,600) | (4,263,100) | (3,652,246) | 610,854 |
| Other financing sources (uses) | | | | |
| Capital lease proceeds | - | 1,162,500 | 1,685,923 | 523,423 |
| Transfers out | (376,700) | (456,700) | (454,687) | 2,013 |
| Total other financing sources (uses) | (376,700) | 705,800 | 1,231,236 | 525,436 |
| Net Changes in fund balances | (6,803,300) | (3,557,300) | (2,421,010) | 1,136,290 |
| Fund balances at beginning of year | 25,797,297 | 25,797,297 | 25,797,297 | - |
| Fund balances at end of year | $ 18,993,997 | $ 22,239,997 | $ 23,376,287 | $ 1,136,290 |

## BUDGETARY INFORMATION

### I. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the fund level.

Supplemental appropriations and decreases in budget appropriations were properly approved by the School District. For the year ended June 30, 2014, the following supplemental and decrease in appropriations were approved:

| Fund Type | Original Appropriations | Supplemental Appropriations | Supplemental Decreases | Final Appropriations |
|---|---|---|---|---|
| General | $ 105,801,300 | $ 2,209,400 | $ 118,200 | $ 107,892,500 |

# SUPPLEMENTARY DATA –

# COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES


GLYNN
SCHOOLS
COUNTY


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

| | Special Revenue | | | |
|---|---|---|---|---|
| | Special Programs | Title I | Title II | Title IVB |
| Assets | | | | |
| Cash and investments | $ 454,418 | $ - | $ - | $ - |
| Receivables: | | | | |
| State government | 2,481 | - | - | - |
| Grants and other | 57,828 | 794,685 | 58,113 | 147,373 |
| Interfund receivables | - | - | - | - |
| Inventory | - | - | - | - |
| Total assets | $ 514,727 | $ 794,685 | $ 58,113 | $ 147,373 |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | $ 17,340 | $ 64,219 | $ 8,586 | $ 32,929 |
| Accrued salaries and benefits | 15,001 | 534,041 | 11,065 | 5,603 |
| Interfund payables | - | 196,425 | 38,462 | 108,841 |
| Total liabilities | 32,341 | 794,685 | 58,113 | 147,373 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | - |
| Restricted: | | | | |
| School food service | - | - | - | - |
| Assigned: | | | | |
| Student activity accounts | 467,187 | - | - | - |
| Historic Glynn Academy | 15,199 | - | - | - |
| Athletic programs | - | - | - | - |
| Debt service | - | - | - | - |
| Total fund balances | 482,386 | - | - | - |
| Total liabilities and fund balances | $ 514,727 | $ 794,685 | $ 58,113 | $ 147,373 |

| Funds | | | | | | |
|---|---|---|---|---|---|---|
| Special Education | Pre-Kindergarten | Athletics | School Food Service | Debt Service Fund | Total |
| $ - | $ 411,656 | $ 295,186 | $ 3,356,396 | $ - | $ 4,517,656 |
| - | - | - | 1,246,349 | - | 1,248,830 |
| 553,101 | - | - | - | - | 1,611,100 |
| - | - | 102 | - | 39,508 | 39,610 |
| - | - | - | 128,675 | - | 128,675 |
| $ 553,101 | $ 411,656 | $ 295,288 | $ 4,731,420 | $ 39,508 | $ 7,545,871 |
| $ 49,592 | $ 46,107 | $ 1,054 | $ 49,470 | $ - | $ 269,297 |
| 344,128 | 365,549 | - | 452,978 | - | 1,728,365 |
| 159,381 | - | 2,426 | 837,670 | - | 1,343,205 |
| 553,101 | 411,656 | 3,480 | 1,340,118 | - | 3,340,867 |
| - | - | - | 128,676 | - | 128,676 |
| - | - | - | 3,262,626 | - | 3,262,626 |
| - | - | - | - | - | 467,187 |
| - | - | - | - | - | 15,199 |
| - | - | 291,808 | - | | 291,808 |
| - | - | - | - | 39,508 | 39,508 |
| - | - | 291,808 | 3,391,302 | 39,508 | 4,205,004 |
| $ 553,101 | $ 411,656 | $ 295,288 | $ 4,731,420 | $ 39,508 | $ 7,545,871 |

Glynn County Board of Education

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

| | Special Revenue | | | |
|---|---|---|---|---|
| | Special Programs | Title I | Title II | Title IVB |
| Revenues | | | | |
| Property tax revenue | $ - | $ - | $ - | $ - |
| State sources | - | - | - | - |
| Federal sources | 226,402 | 3,945,317 | 531,522 | 484,591 |
| Charges for services | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | 1,148,112 | - | - | - |
| Total revenues | 1,374,514 | 3,945,317 | 531,522 | 484,591 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 1,146,190 | 3,337,532 | - | 380,473 |
| Support services: | | | | |
| Pupil services | - | - | - | 255 |
| Improvement of instructional services | 98,560 | 34,612 | 509,433 | 903 |
| Federal grant administration | 38,806 | 125,007 | - | 57,260 |
| General administration | - | - | - | 14,148 |
| School administration | - | - | - | - |
| Maintenance and operations | - | - | - | 75 |
| Student transportation services | - | 7,810 | - | 18,146 |
| Other support services | 910 | 440,356 | 22,089 | 13,331 |
| Food service operations | - | - | - | - |
| Total expenditures | 1,284,466 | 3,945,317 | 531,522 | 484,591 |
| Excess of revenues over (under) expenditures | 90,048 | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net Changes in fund balances | 90,048 | - | - | - |
| Fund balances at beginning of year | 392,338 | - | - | - |
| Fund balances at end of year | $ 482,386 | $ - | $ - | $ - |

| Funds | | | | | | |
|---|---|---|---|---|---|---|
| Special Education | Pre-Kindergarten | Athletics | School Food Service | Debt Service Fund | Total |
| $ - | $ - | $ - | $ - | $ 175 | $ 175 |
| - | 2,032,664 | - | 180,462 | - | 2,213,126 |
| 2,192,001 | - | - | 6,356,310 | - | 13,736,143 |
| - | - | - | 1,100,012 | - | 1,100,012 |
| - | - | 381 | 2,336 | 33 | 2,750 |
| - | - | 286,477 | - | - | 1,434,589 |
| 2,192,001 | 2,032,664 | 286,858 | 7,639,120 | 208 | 18,486,795 |
| 1,385,971 | 2,292,244 | 228,021 | - | - | 8,770,431 |
| 460,657 | 1,478 | 18,449 | - | - | 480,839 |
| 318,042 | 2,220 | 5,136 | - | - | 968,906 |
| - | - | - | - | - | 221,073 |
| 810 | - | - | - | - | 14,958 |
| - | 157,389 | - | - | - | 157,389 |
| 2,495 | 34,020 | 5,144 | 62,482 | - | 104,216 |
| 24,026 | - | 196 | - | - | 50,178 |
| - | - | - | - | - | 476,686 |
| - | - | - | 7,460,602 | - | 7,460,602 |
| 2,192,001 | 2,487,351 | 256,946 | 7,523,084 | - | 18,705,278 |
| - | (454,687) | 29,912 | 116,036 | 208 | (218,483) |
| - | 454,687 | - | - | - | 454,687 |
| - | 454,687 | - | - | - | 454,687 |
| - | - | 29,912 | 116,036 | 208 | 236,204 |
| - | - | 261,896 | 3,275,266 | 39,300 | 3,968,800 |
| $ - | $ - | $ 291,808 | $ 3,391,302 | $ 39,508 | $ 4,205,004 |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Special Programs

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Federal sources | $ 266,400 | $ 298,300 | $ 226,402 | $ (71,898) |
| Local and other funds | 900,000 | 900,000 | 1,148,112 | 248,112 |
| Total revenues | 1,166,400 | 1,198,300 | 1,374,514 | 176,214 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 1,023,900 | 1,052,600 | 1,146,190 | (93,590) |
| Support services: | | | | |
| Pupil services | 200 | 3,800 | - | 3,800 |
| Improvement of instructional services | 110,900 | 104,300 | 98,560 | 5,740 |
| Federal grant administration | 29,500 | 35,700 | 38,806 | (3,106) |
| General administration | 100 | 100 | - | 100 |
| Other support services | 200 | 1,800 | 910 | 890 |
| Total expenditures | 1,166,400 | 1,198,300 | 1,284,466 | (86,166) |
| Excess of revenues over (under) expenditures | - | - | 90,048 | 90,048 |
| Net Changes in fund balances | - | - | 90,048 | 90,048 |
| Fund balances at beginning of year | 392,338 | 392,338 | 392,338 | - |
| Fund balances at end of year | $ 392,338 | $ 392,338 | $ 482,386 | $ 90,048 |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Title I

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Federal sources | $ 4,438,400 | $ 4,126,200 | $ 3,945,317 | $ (180,883) |
| Total revenues | 4,438,400 | 4,126,200 | 3,945,317 | (180,883) |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 3,370,800 | 3,453,700 | 3,337,532 | 116,168 |
| Support services: | | | | |
| Pupil services | 1,000 | 300 | - | 300 |
| Improvement of instructional services | 363,900 | 49,200 | 34,612 | 14,588 |
| Federal grant administration | 112,100 | 125,800 | 125,007 | 793 |
| General administration | 91,200 | 35,800 | - | 35,800 |
| School administration | 200 | - | - | - |
| Student transportation services | 6,000 | 10,000 | 7,810 | 2,190 |
| Other support services | 493,200 | 451,400 | 440,356 | 11,044 |
| Total expenditures | 4,438,400 | 4,126,200 | 3,945,317 | 180,883 |
| Excess of revenues over (under) expenditures | - | - | - | - |
| Net Changes in fund balances | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | $ - | $ - | $ - | $ - |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Title II

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Federal sources | $ 753,500 | $ 736,300 | $ 531,522 | $ (204,778) |
| Total revenues | 753,500 | 736,300 | 531,522 | (204,778) |
| Expenditures | | | | |
| Support services: | | | | |
| Improvement of instructional services | 753,500 | 709,300 | 509,433 | 199,867 |
| Other support services | - | 27,000 | 22,089 | 4,911 |
| Total expenditures | 753,500 | 736,300 | 531,522 | 204,778 |
| Excess of revenues over (under) expenditures | - | - | - | - |
| Net Changes in fund balances | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | $ - | $ - | $ - | $ - |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Title IVB

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Federal sources | $ 678,900 | $ 658,700 | $ 484,591 | $ (174,109) |
| Total revenues | 678,900 | 658,700 | 484,591 | (174,109) |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 544,000 | 513,700 | 380,473 | 133,227 |
| Support services: | | | | |
| Pupil services | 10,500 | 5,600 | 255 | 5,345 |
| Improvement of instructional services | 6,900 | 8,800 | 903 | 7,897 |
| Federal grant administration | 71,600 | 82,300 | 57,260 | 25,040 |
| General administration | 12,800 | 15,100 | 14,148 | 952 |
| Student transportation services | 17,900 | 17,000 | 18,146 | (1,146) |
| Other support services | 14,800 | 15,800 | 13,331 | 2,469 |
| Total expenditures | 678,900 | 658,700 | 484,591 | 174,109 |
| Excess of revenues over (under) expenditures | - | - | - | - |
| Net Changes in fund balances | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | $ - | $ - | $ - | $ - |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Special Education

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Federal sources | $ 3,050,700 | $ 2,758,100 | $ 2,192,001 | $ (566,099) |
| Total revenues | 3,050,700 | 2,758,100 | 2,192,001 | (566,099) |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 2,131,600 | 1,846,500 | 1,385,971 | 460,529 |
| Support services: | | | | |
| Pupil services | 534,900 | 513,300 | 460,657 | 52,643 |
| Improvement of instructional services | 315,000 | 351,400 | 318,042 | 33,358 |
| General administration | 52,600 | 23,500 | 810 | 22,690 |
| Maintenance and operations | 3,500 | 2,500 | 2,495 | 5 |
| Student transportation services | 13,100 | 20,900 | 24,026 | (3,126) |
| Total expenditures | 3,050,700 | 2,758,100 | 2,192,001 | 566,099 |
| Excess of revenues over (under) expenditures | - | - | - | - |
| Net Changes in fund balances | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | $ - | $ - | $ - | $ - |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Pre-Kindergarten

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| State sources | $ 1,969,500 | $ 1,962,200 | $ 2,032,664 | $ 70,464 |
| Federal sources | 9,900 | - | - | - |
| Total revenues | 1,979,400 | 1,962,200 | 2,032,664 | 70,464 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 2,155,200 | 2,220,300 | 2,292,244 | (71,944) |
| Support services: | | | | |
| Pupil services | 4,800 | 2,500 | 1,478 | 1,022 |
| Improvement of instructional services | 5,500 | 5,500 | 2,220 | 3,280 |
| School administration | 157,200 | 157,200 | 157,389 | (189) |
| Maintenance and operations | 33,400 | 33,400 | 34,020 | (620) |
| Total expenditures | 2,356,100 | 2,418,900 | 2,487,351 | (68,451) |
| Excess of revenues over (under) expenditures | (376,700) | (456,700) | (454,687) | 2,013 |
| Other financing sources (uses) | | | | |
| Transfers in | 376,700 | 456,700 | 454,687 | (2,013) |
| Total other financing sources (uses) | 376,700 | 456,700 | 454,687 | (2,013) |
| Net Changes in fund balances | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | $ - | $ - | $ - | $ - |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Athletics

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Local and other funds | $ 291,500 | $ 272,100 | $ 286,858 | $ 14,758 |
| Total revenues | 291,500 | 272,100 | 286,858 | 14,758 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 299,400 | 232,100 | 228,021 | 4,079 |
| Support services: | | | | |
| Pupil services | 25,400 | 17,700 | 18,449 | (749) |
| Improvement of instructional services | 12,400 | 4,200 | 5,136 | (936) |
| General administration | 200 | - | - | - |
| Maintenance and operations | 11,600 | 7,100 | 5,144 | 1,956 |
| Student transportation services | - | - | 196 | (196) |
| Community services | - | - | - | - |
| Total expenditures | 349,000 | 261,100 | 256,946 | 4,154 |
| Net Changes in fund balances | (57,500) | 11,000 | 29,912 | 18,912 |
| Fund balances at beginning of year | 261,896 | 261,896 | 261,896 | - |
| Fund balances at end of year | $ 204,396 | $ 272,896 | $ 291,808 | $ 18,912 |

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – School Food Service

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| State sources | $ 175,000 | $ 187,000 | $ 180,462 | $ (6,538) |
| Federal sources | 5,574,000 | 6,216,000 | 6,356,310 | 140,310 |
| Charges for services | 1,184,000 | 1,189,500 | 1,100,012 | (89,488) |
| Local and other funds | 3,000 | 3,000 | 2,336 | (664) |
| Total revenues | 6,936,000 | 7,595,500 | 7,639,120 | 43,620 |
| Expenditures | | | | |
| Current | | | | |
| Maintenance and operations | 70,000 | 55,000 | 62,482 | (7,482) |
| Food service operations | 6,866,000 | 7,149,900 | 7,460,602 | (310,702) |
| Total expenditures | 6,936,000 | 7,204,900 | 7,523,084 | (318,184) |
| Net Changes in fund balances | - | 390,600 | 116,036 | (274,564) |
| Fund balances at beginning of year | 3,275,266 | 3,275,266 | 3,275,266 | - |
| Fund balances at end of year | $ 3,275,266 | $ 3,665,866 | $ 3,391,302 | $ (274,564) |

Glynn County Board of Education

Budgetary Comparison Schedule
Debt Service Fund

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positve |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues | | | | |
| Property taxes | $ - | $ - | $ 175 | $ 175 |
| Other | - | - | 33 | 33 |
| Total revenues | - | - | 208 | 208 |
| Expenditures | | | | |
| Debt Service: | | | | |
| Principal retirements | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | - | - | - | - |
| Net Changes in fund balances | - | - | 208 | 208 |
| Fund balances at beginning of year | 39,300 | 39,300 | 39,300 | - |
| Fund balances at end of year | $ 39,300 | $ 39,300 | $ 39,508 | $ 208 |

# INTERNAL SERVICE FUNDS


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Combining Statement of Net Position
Internal Service Funds

June 30, 2014

| | Workers' Compensation Fund | Unemployment Compensation Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and investments | $ 3,127,983 | $ 1,666,614 | $ 4,794,597 |
| Due from other funds | 383,561 | - | 383,561 |
| Total assets | 3,511,544 | 1,666,614 | 5,178,158 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable and contracts payable | 1,098,404 | 7,973 | 1,106,377 |
| Total liabilities | 1,098,404 | 7,973 | 1,106,377 |
| **NET POSITION** | | | |
| Unrestricted | 2,413,140 | 1,658,641 | 4,071,781 |
| Total net position | $ 2,413,140 | $ 1,658,641 | $ 4,071,781 |

Glynn County Board of Education

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds

For the Year Ended June 30, 2014

| | Workers' Compensation Fund | Unemployment Compensation Fund | Total |
|---|---|---|---|
| Operating revenues | | | |
| Risk management fees | $ 983,562 | $ - | $ 983,562 |
| Total operating revenues | 983,562 | - | 983,562 |
| Operating expenses | | | |
| Risk management | 819,245 | 48,979 | 868,224 |
| Total operating expenses | 819,245 | 48,979 | 868,224 |
| Operating income (loss) | 164,317 | (48,979) | 115,338 |
| Nonoperating revenues | | | |
| Investment income | 2,088 | - | 2,088 |
| Total nonoperating revenues (expenses) | 2,088 | - | 2,088 |
| Net income (loss) before transfers | 166,405 | (48,979) | 117,426 |
| Change in net position | 166,405 | (48,979) | 117,426 |
| Net position, beginning of year | 2,246,735 | 1,707,620 | 3,954,355 |
| Net position, end of year | $ 2,413,140 | $ 1,658,641 | $ 4,071,781 |

Glynn County Board of Education

Combining Statement Cash Flows
Internal Service Funds

For the Year Ended June 30, 2014

| | Workers' Compensation Fund | Unemployment Compensation Fund | Total |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Cash received for services and fees | $ 983,562 | $ - | $ 983,562 |
| Cash payments for supplies and insurance | (824,758) | (69,493) | (894,251) |
| Net cash provided (used) by operating activities | 158,804 | (69,493) | 89,311 |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | - | - | - |
| Decrease (increase) in interfund receivables | 2,494,178 | - | 2,494,178 |
| Net cash provided (used) by noncapital financing activities | 2,494,178 | - | 2,494,178 |
| Cash flows from investing activities: | | | |
| Interest earned on cash and investments | 2,088 | - | 2,088 |
| Net cash provided (used) by investing activities | 2,088 | - | 2,088 |
| Net increase (decrease) in cash and cash equivalents | 2,655,070 | (69,493) | 2,585,577 |
| Cash and cash equivalents, beginning of year | 472,913 | 1,736,107 | 2,209,020 |
| Cash and cash equivalents, end of year | $ 3,127,983 | $ 1,666,614 | $ 4,794,597 |
| Operating income (loss) | $ 164,317 | $ (48,979) | $ 115,338 |
| Change in liabilities: | | | |
| Increase (decrease) in accounts payable | (5,513) | (20,514) | (26,027) |
| Total adjustments | (5,513) | (20,514) | (26,027) |
| Net cash provided (used) by operating activities | $ 158,804 | $ (69,493) | $ 89,311 |


GLYNN
SCHOOLS
COUNTY

# FIDUCIARY FUNDS


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2014

| | Balance June 30, 2013 | Increases | Decreases | Balance June 30, 2014 |
|---|---|---|---|---|
| **Student Activity Funds** | | | | |
| Assets | | | | |
| Cash and investments..... | $ 289,293 | $ 975,895 | $ 891,657 | $ 373,531 |
| Liabilities | | | | |
| Due to student groups..... | $ 289,293 | $ 975,895 | $ 891,657 | $ 373,531 |


GLYNN
SCHOOLS
COUNTY

# SUPPLEMENTAL SCHEDULE


GLYNN
SCHOOLS
COUNTY

# Glynn County Board of Education

## Schedule of Approved Special Purpose Local Option Sales Tax Projects

## For the Year Ended June 30, 2014

| Project | Original Estimated Cost [1] | Current Estimated Cost [2] | Amount Expended in Current Year [3] | Amount Expended in Prior Years | Project Status |
|---|---|---|---|---|---|
| For the purpose of retiring previously incurred general obligation debt of the school district. Acquiring, constructing and equipping a new Sterling Middle School, Glynn Middle, and Southwest Middle Schools, and Charter Vocational Technical School. Constructing and equipping a new 9th Grade Center, athletic facilities and site improvements at Brunswick High School. Adding to, remodeling, renovating, improving, and equipping Risley Middle School, Glynn Academy 9th Grade Center, and the original Glynn Academy Building.Paving and water/sewer improvements to Glynn County Stadium. Renovation and construction of a transportation facility including necessary demolition of the Perry Building. Acquisition of real and personal property for the school system, including any necessary demolition, site improvements and renovations, technology upgrades, computers and related technology, copiers, school buses, energy management systems, heating and air conditioning systems, lighting and similar equipment. Paying capitalized interst on General Obligation Bonds. | 100,425,000 | 80,549,457 | - | 80,549,457 | Complete |
| Totals..... | $ 100,425,000 | $ 80,549,457 | $ - | $ 80,549,457 | |
| For the following capital outlay projects: (i) a new Southwest Middle School; (ii) a new Brunswick High School, including necessary demolition, renovation and upgrades to existing facilities and associated site and fieldwork; (iii) renovations and additions to Risley Early College Academy (formerly Risley Middle School); (iv) renovations and additions to Glynn Academy; (v) a new fine arts center to be known as the Coastal Community Center for the Arts; (vi) renovations to the Historic Risley Center; (vii) renovations to Altama and Burroughs-Molette Elementary Schools; (viii) a new elementary school; (ix) demolition at the former Jane Macon Middle School and Glynn Middle School; and (x) other real and personal property for the school system, including necessary demolition, site improvements, renovations, and improvement 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 withits facilities plans, as the same may be revised in accordance with the needs of the school district. | 123,879,223 | 109,092,294 | 11,034,357 | 74,654,685 | Ongoing |
| Totals..... | $ 123,879,223 | $ 109,092,294 | $ 11,034,357 | $ 74,654,685 | |

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the one percent sales and use tax for educational purposes (the "Educational Sales Tax").

(2) The School District's current estimate of total costs for the project(s). Includes all cost 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 other funds over the life of the projects.


GLYNN
SCHOOLS
COUNTY

# COMPLIANCE AND INTERNAL CONTROL REPORTS


GLYNN
SCHOOLS
COUNTY

**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***

*Independent Auditor's Report*

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

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Glynn County, Georgia (the "District') as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 11, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



*Tel* 912-232-0475 *Fax* 912-232-0478
6600 Abercorn Street, Suite 200 | Savannah, GA 31405 | P.O. Box 16149 | Savannah, GA 31416 | krtcpa.com

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 the entity'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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
March 11, 2015

## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

*Independent Auditor's Report*

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

**Report on Compliance for Each Major Program**

We have audited the Board of Education of Glynn County, Georgia's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the DIstrict's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

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



*Tel* 912-232-0475 *Fax* 912-232-0478
6600 Abercorn Street, Suite 200 | Savannah, GA 31405 | P.O. Box 16149 | Savannah, GA 31416 | krtcpa.com

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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. Given these limitations, during our audit 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 base on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
March 11, 2015

# Glynn County Board of Education

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

| Grant Title | CFDA Number | Grantor's Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| Pass-Through Georgia Department of Education | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | 556 | $ 1,788,744 |
| National School Lunch Program - cash assistance | 10.555 | 556 | 4,096,611 |
| National School Lunch Program - non-cash assistance | 10.555 | 556 | 470,955 (1) |
| Total Child Nutrition Cluster | | | 6,356,310 |
| Total U.S. Department of Agriculture | | | 6,356,310 |
| **U.S. Department of Defense** | | | |
| Direct Program | | | |
| Department of the Navy ROTC Program | 12.000 | n/a | 102,178 |
| **U.S. Department of Education** | | | |
| Direct Program | | | |
| Impact Aid | 84.041 | n/a | 10,613 |
| Pass-Through Georgia Department of Education | | | |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | 553 | 2,124,492 |
| Special Education - Preschool Grants | 84.173 | 553 | 67,509 |
| Total Special Education Cluster | | | 2,192,001 |
| Title I, Part A Cluster: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 551 | 3,920,982 |
| Total Title I, Part A Cluster | | | 3,920,982 |
| Other Programs: | | | |
| Migrant Education - State Grant Program | 84.011 | 628 | 24,336 |
| Career and Technical Education - Basic Grants to States | 84.048 | 562 | 84,847 |
| Education for Homeless Children and Youth | 84.196 | 573 | 37,954 |
| Twenty-First Century Community Learning Centers | 84.287 | 634 | 484,591 |
| English Language Acquisition Grants | 84.365 | 632 | 101,120 |
| Improving Teacher Quality State Grants | 84.367 | 630 | 531,522 |
| Education Jobs Fund | 84.410 | n/a | 2,481 |
| Total U.S. Department of Education | | | 7,390,447 |
| **U.S. Department of Transportation** | | | |
| Pass-Through Governor's Office of Highway Safety | | | |
| Students Against Destructive Decisions Grant | 20.601 | n/a | 500 |
| **Total Federal Financial Assistance** | | | $ 13,849,435 |

(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 the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Board of Education of Glynn County, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## Glynn County Board of Education

Schedule of Findings and Questioned Costs and Status of Prior Year Audit Findings

For the Year Ended June 30, 2014

### I. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

#### A. Summary of Auditors Results

***Financial Statements***

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Glynn County Board of Education.

2. Internal control over financial reporting:
   a Material weakness(es) identified? _____ yes __X__ no
   b Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes __X__ none reported

3. Noncompliance material to financial statements noted? _____ yes __X__ no

***Federal Awards***

4. Internal control over major programs:
   a Material weakness(es) identified? _____ yes __X__ no
   b Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes __X__ none reported

5. The auditors' report expresses an unqualified opinion for all major programs.

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes __X__ no

7. The programs tested as major programs include:

| Name of Federal Program | CFDA Number |
|---|---|
| Child Nutrition Cluster | 10.553 and 10.555 |
| Special Education Cluster | 84.027 and 84.173 |
| English Language Acquisition Grants | 84.365 |

8. The threshold for distinguishing Type A and B programs was $415,483.

9. The Board of Education was determined to be a low-risk auditee.

#### B. Findings – Financial Statement Audit

None reported.

#### C. Findings and Questioned Costs – Major Federal Award Programs Audit

None reported.

### II. STATUS OF PRIOR YEAR AUDIT FINDINGS

No findings were reported relative to Major Federal Award Programs for the year ended June 30, 2013.